Daily Report

East Europe

FBIS-EEU-94-107
Friday
3 June 1994

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FBIS-EEU-94-107 *3 June 1994*

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Karadzic, Akashi Discuss Troops in Gorazde

LD0206202694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1932 GMT 2 Jun 94

[Excerpt] Geneva, 2 Jun—Special UN envoy Yasushi Akashi had two hours of talks behind closed doors this evening in Geneva's Hotel Intercontinental with the delegation of the Bosnian Serb Republic. The delegation consisted of President Radovan Karadzic and General Ratko Mladic, commander in chief of the armed forces. TANJUG learned of the meeting from its sources in the Serb republic. Also attending the meeting was General Michael Rose, commander of the blue helmets in Bosnia, .

The topic of the talks was the question of the withdrawal of Serb forces from the 3-km zone around Gorazde, something which is being insisted upon by the Muslim side as a condition for participation in the Geneva conference. The continued presence of Serbs in the zone, as claimed by UN officials in Geneva is the reason for the fact that the Haris Silajdzic-led delegation failed to turn up for the opening of the conference on a comprehensive cease-fire, which had been scheduled to open today in Geneva.

According to Serb republic sources, Karadzic and Gen. Rose should inform Akashi late this evening whether the Serbs have withdrawn, as Karadzic has promised.

According to a statement of the Serb Republic Foreign Minister Buha given earlier this evening to TANJUG, there are prospects that the negotiations initiated by Akashi might nevertheless begin tomorrow. According to Buha, the Muslim delegation has arrived in Geneva and is having talks with the Croat delegation on the territorial division of the cantons in the newly-formed federation. [passage omitted]

Belgrade Radio Reports on Talks

AU0206175194 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 2 Jun 94

[Text] Instead of the announced peace negotiations in Geneva, unofficial talks were held this afternoon between Radovan Karadzic, president of the Serbian Republic, and Yasushi Akashi, envoy to the UN secretary general. Let us listen to Dragan Bozanic reporting from Geneva:

[Begin Bozanic recording] The result of the two-hour unofficial meeting between Yasushi Akashi and his closest military associates, Generals de Lapresle and Rose, with Radovan Karadzic, president of the Srpska republic, Vice President Nikola Koljevic, and Foreign Minister Aleksa Buha could solve the dilemma over whether the negotiations on the cessation of hostilities in the former Bosnia-Herzegovina will resume or not.

After the Serbian delegation and the Croatian one, headed by Kresimir Zubak, had already arrived here in Geneva, the Muslims said they would not attend the talks until the Gorazde 3-km exclusion zone was allegedly entirely respected.

After the UN forces in Gorazde investigate these claims this evening, it will be known whether the meeting on the cessation of hostilities in the former Bosnia-Herzegovina is to be held at all. However, we have learned from unofficial sources in the Palais des Nations that the problem of withdrawing a small number of armed Serbian civilians from three villages near Gorazde can be successfully solved and that the representatives of all three warring sides will, after all, sit at the negotiating table tomorrow. This would mean that the international mediators' plans could be fulfilled: Making all three armies, above all the Muslim one, accept the cessation of hostilities; then one could also resume the consultations on a general solution to the crisis in former Bosnia-Herzegovina in the French town of Talloires near Geneva, most probably on 6 June. [end recording]

Akashi Says Serbs Resuming Withdrawal

AU0306101494 Paris AFP in English 0952 GMT 3 Jun 94

[Text] Geneva, June 3 (AFP)—Serb forces resumed Friday their withdrawal from the UN-declared exclusion zone around Gorazde in eastern Bosnia, raising hopes that truce talks stalled since Thursday would be able to get under way, UN special envoy Yasushi Akashi said Friday. Speaking after a meeting with Bosnian Serb leader Radovan Karadzic, Akashi said he hoped the Geneva talks, aimed at securing an overall ceasefire in Bosnia-Herzegovina, could start on Saturday morning.

Zubak Awaits Muslim Delegation

LD0206151394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1416 GMT 2 Jun 94

[Excerpt] Geneva, 2 Jun (TANJUG)—Kresimir Zubak, leader of the [Bosnian] Croat delegation and president of the Croat-Muslim Federation [of Bosnia-Herzegovina], said he will not take part in the cease-fire conference, which was to have been held in Geneva this afternoon, if a Muslim delegation does not show up. Zubak made this statement in the presence of Ante Roso, commander of the Croat forces in Bosnia. [passage omitted]

FYROM Assembly President Meets Officials

LD0206180294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1601 GMT 2 Jun 94

[Text] Skopje, 2 Jun (TANJUG)—Stojan Andov, president of the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] assembly, arrived in Tirana today on a two-day official and friendly visit to Albania, Radio Skopje reported from the Albanian capital. This morning Andov held talks for one hour with Pjeter Arbnori, president of the Albanian assembly. They exchanged views on the cooperation between the two assemblies and states and on the situation in the Balkans.

Arbnori said that Macedonia and Albania "cooperate well in many domains," and that "they are very good neighbors." The cooperation would be even better if the Albanians in Macedonia were granted "all rights," Arbnori said.

Andov said that there were "many problems" between the two states, but, he stressed, "a way of solving them has been found." According to him, the problems connected with the rights of the Albanians in Macedonia are dealt with in the institutions of the system in line with the highest European standards on minority rights, or even better. He expressed the hope that the Macedonians in Albania would be granted the same rights and freedoms.

The president of the assembly of the Former Yugoslav Republic of Macedonia today also had a meeting with Albanian President Sali Berisha. Berisha said that he expected this visit to contribute to the further development of cooperation between the two countries and that he was happy that what he had agreed on with President Gligorov during their meeting last month in Pogradec was being realized. The Albanian president welcomed the adoption of the law on the population census in Macedonia and noted the need to develop traffic links between the two countries, including the links with the port of Durres, which should serve the Macedonian economy as well.

During the talks, Berisha also mentioned the position of the Albanian minority in Kosovo-Metohija and spoke against forcible changes to the border. Berisha thanked Gligorov for his invitation to visit Macedonia and announced his visit to Skopje in the near future.

During his talks with Berisha, Andov said that "essential steps forward have been taken" in the cooperation between Macedonia and Albania and that "there are no obstacles to the development and strengthening of cooperation." According to Andov, Macedonia and Albania are "linked in terms of their fate and oriented toward one other."

Improved Import-Export Figures Examined

AU3105171594 Tirana LAJMI I DITES in Albanian 26 May 94 p 5

[Article by A. Stafa: "Albania—A Country With Higher Imports From the European Union]

[Text] According to statistical data extracted from special IMF studies on the import-export level of several Central European countries, Albania has the highest import figures from the EU countries, [words indistinct] leaving behind Poland, Bulgaria, the Czech Republic, and so on. Albanian imports for 1993 accord to the percent of its total international trade with these countries, i.e. of its total imports, whose percentage has grown from one year to another. According to the IMF's statistical data, from 31.4 percent in 1989, this index reached 40.6 percent in 1990 and in 1992 it made its biggest jump of around 23 percent, reaching the figure of 63.2 percent of its total general imports. Thus, Albania has been among the first countries regarding imports from other Central European countries since 1992.

The liberalization of international trade, after a long period of restrictions, the establishment of acceptable and affordable tariffs, and the most favored nation status gained by many European countries during their transition periods, made it possible for 1990-1992 to become boom years in international trade. In the meanwhile, again according to the IMF's data on exports to the EU countries, Poland reached, at the end of this four-year period, the highest level, which accounted for 56.5 percent of its total exports, while Albania was listed after Bulgaria, Hungary, and the Czech Republic with 38.2 percent of its total exports, leaving only Romania behind.

The Albanian parliament's lifting of customs taxes on commodity exports will further liberalize this sector and, according to the specialists, changes in the export-import growth level are expected, with exports growing faster than imports. The continued agreements among countries on free trade, on the lifting of double taxation, and on the creation of various facilities in international trade hold out hopes for the continuation of this international exchange and a high level.

Imports from the European Union for 1988-1993

Countries	1988	1990	1992	1993
Albania	31.4	40.6	63.2	65.1
Bulgaria	40.5	52.8	53.7	50.7
Former Czechoslo-vakia	26.5	31.1	42.0	46.3
Hungary	25.2	32.8	42.4	43.05
Poland	27.2	42.5	52.9	54.7
Romania	6.2	19.6	37.5	41.0

Exports to the European Union for 1988-1993

Countries	1988	1990	1992	1993
Albania	36.8	38.3	34.0	38.2
Bulgaria	23.6	34.5	41.3	38.7
Former Czechoslo-vakia	24.2	32.0	49.5	46.6
Hungary	22.5	34.2	49.5	46.5
Poland	30.3	46.8	55.7	56.5
Romania	24.0	31.4	32.5	32.2

Videnov Speaks at Socialist Party Congress

AU0306102394 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 3 Jun 94

[Report by Silviya Velikova from the Bulgarian Socialist Party Congress in Sofia—live]

[Text] The first thing the delegates to the 41st Bulgarian Socialist Party [BSP] Congress did was to adopt the congress agenda. Two additions to the agenda were proposed and adopted. The first proposes that a debate should be held on the party's election campaign platform during the discussions on the BSP program, and the second is to hear a declaration from a group of BSP intellectuals on the situation of the Bulgarian intelligentsia and the BSP's stance on this issue.

BSP Supreme Council leader Zhan Videnov read to the delegates an exceptionally detailed report entitled "On the BSP political line." Here are a few of the points he mentioned:

According to Videnov, the SDS's policy regarding the government failed because it was based on confrontation and restoration of the former state of things. This has led to the SDS becoming isolated form the people and falling into a serious crisis, Videnov said.

Despite the numerous question marks hanging over the formula on which the Berov cabinet was formed 18 months ago, the BSP supported Berov because he placed all-national interests higher than narrow party ones. However, Videnov stressed that a number of features now militate against this support: the blocking of the reforms, complete exhaustion of resources, and a fragile economy. The most crucial decision that you congress delegates have to reach, Videnov said, is to call for early elections in October or November, which can lead to major changes in the country's development and the imposition of a clear, left-of-center, socially oriented policy. However, he emphasized that Bulgaria needs early elections, but they should in no event be premature ones. For the BSP, the elections were not an aim in itself, but means for developing a free and just society. The road toward such a society lies precisely via democratic elections, the BSP leader emphasized.

Here is one of the concluding sentences that Videnov said at the end of this speech: More than ever before, we must get to realize where and why we went wrong during these four or five years that followed 45 years, and then strive to unleash new potential for social dialogue.

At the moment the congress is continuing with a report from the All-Party Control-Auditing Commission, and it is then to hear a report on the work of the BSP parliamentary group.

40 Percent Expected in Next Election

AU0306134894 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 3 Jun 94

[Text] At the 41st Bulgarian Socialist Party [BSP] Congress, which opened today, party leader Zhan Videnov read a report on the party's political line. Sasha Karakaksheva, chairperson of the BSP All-Party Control Commission, reported on this commission's activity. Nora Ananieva, chairperson of the BSP parliamentary faction, reported on the faction's activity.

A news conference took place after the end of the first session. Zhan Videnov told the news conference that the Socialists expect to receive more than 40 percent of the votes at the next elections, but they have no intention of usurping power. The BSP categorically denies that it was the perpetrator of criminal rule, Videnov said. Nora Ananieva said that the BSP parliamentary faction will implement the congress decisions, but it will act in a flexible manner. A debate on Zhan Videnov's report on the party's political line has opened.

Zieleniec on Relations With EU, NATO

PM0206105694 Lisbon DIARIO DE NOTICIAS in Portuguese 23 May 94 pp 10-11

[Interview with Czech Foreign Minister Josef Zieleniec by Fernando de Sousa in Prague; date not given]

[Excerpt] [passage omitted] [De Sousa] What is the main aim of your visit to Portugal?

[Zieleniec] We feel that we are an integral part of the European continent, so it is natural and logical for us to communicate as if we were neighbors. Portugal belongs to the European Union [EU] and the Atlantic alliance. For us it is natural that the logic of our course tends toward those institutions. It is necessary to talk, as well as to exchange experiences and views on those realities, with a view to a mutual understanding.

In addition, bilateral contacts are very important. The two countries are of a similar size, trade must not be overlooked, and it is natural for it to become necessary to create conditions essential for trade. I will also be signing an agreement preventing double taxation—one of the essential conditions for the sound development of economic relations. I would also like to recall that President Soares visited the country immediately after our revolution, in a very complex situation, and we regard this as proof of deep friendship and trust.

[De Sousa] Moreover, President Soares will be coming here again this year....

[Zieleniec] Yes, this is planned, and he will have the opportunity to see how this country has altered, how Prague has changed its appearance. He will be able to see everything that has been done by us. So we are very glad to have the opportunity and the chance to welcome the Portuguese president again.

[De Sousa] On this visit to Lisbon, you will also have the opportunity to raise the Czech intention to join the EU and to explain that plan to the Portuguese....

[Zieleniec] In our opinion, it is very natural that we should some day belong to the EU, because it includes the countries which are our family, with which we have had dealings throughout our history. So I believe that it will not be necessary to explain this aim. If the Czech Republic did not wish to join, then it would be necessary to give explanations....

[De Sousa] In any event, one of the matters which will be raised by the member states such as Portugal during the membership negotiations when they are held will be the competition of countries such as the Czech Republic for Community funds, which at that time will have to be shared out by more European regions. Will this aspect also be broached in Lisbon?

[Zieleniec] I believe that it is possible to discuss every kind of issue linked to the membership process, but it is necessary to observe the changes in our country over the past four or five years and the dynamism of our economic development.

I believe that our republic will soon be in a position to be able contribute to the Community more than it receives.

[De Sousa] Do you believe so?

[Zieleniec] I do not think it is necessary to discuss the matter at this time, but if we are going to broach this problem in greater detail, what matters most is agriculture. We have problems with agriculture different from those occurring today in the EU. Our system of organization of agriculture is relatively liberal, and we would like to liberalize it to a level similar to that of industry—that is, eliminate all kinds of subsidies and grants—and we hope that with our joining the EU we will not have to change this. We hope that agriculture, as it currently exists in the EU, will tend more toward a market system.

[De Sousa] At what date do you hope formally to apply for EU membership?

[Zieleniec] We deem it important to send no wrong signals. What matters is that, above all, our country's citizens should know that the most important thing is not the date of the membership application but knowing how and how quickly we will be able to transform this country.

[De Sousa] And when do you hope for actual membership? There is talk of 2010....

[Zieleniec] I believe this is all linked to a whole general view for central and eastern Europe. Those who visit our country soon acknowledge that it will in no way be a further burden for the EU.

[De Sousa] It has been stated that the reason for joining has to do with the desire to move closer to a Europe with which this country has historical ties, but is there not also a security concern, in order to provide against any form of instability in Russia?

[Zieleniec] I believe that if there is democracy and a market economy system in Russia, we will have nothing to fear. If there is none of that, you, too, will have to be be afraid.

[De Sousa] But in the event of a problem, the Czech Republic will be geographically closer to Russia. The perception abroad is that the countries of this region are seeking to move closer to the West in order to feel more secure....

[Zieleniec] I do not believe that there is a particularly acute danger right now. Of course, in the medium and long-term perspective, it is important to know how this part of the continent will be organized. That is natural, but it is not good to analyze these matters from the

viewpoint of the past. Europe was divided by conventional weapons during World War II, with the involvement of infantry and tanks—not through nuclear missiles. All the developments today have other technical conditions. I do not believe that it is possible now to introduce the simple geometry of the forties into this problem. I can guarantee that an unstable and aggressive Russia represents a danger both for us and for the rest of the continent. That is why we are rooting so much for the Russian democrats and hoping that they will succeed in achieving what they want.

[De Sousa] Is there a Zhirinovskiy factor? Do you believe he is a danger?

[Zieleniec] Zhirinovskiy as a man, no, but the 26 percent of the votes which he won, yes. Where there is no political stability, where there are economic problems, political forces tend to adopt extreme stances. Hence the importance of political and economic stability in Russia.

[De Sousa] In light of that observation, do you believe that the Czech Republic will be more secure if it moves closer to the West?

[Zieleniec] Yes, of course, but we are already very close.

[De Sousa] How do you interpret the Partnership for Peace which you have now signed with NATO? Do you believe it is sufficient for your aspirations?

[Zieleniec] I do not know what you mean by "sufficient." It is natural that we would like to belong to the Atlantic alliance, because we feel that it contains countries with the same values that we uphold. The Partnership for Peace is not the alliance, but it is an area created in order to cooperate together. Of course we welcome this opportunity, and we will very actively take advantage of all the possibilities that it offers.

[De Sousa] But the final aim is to join NATO....

[Zieleniec] That is clear.

[De Sousa] Let us talk a little now about the Czech Republic's evolution following the separation from Slovakia. What has economic and political life in this country been like in this new situation?

[Zieleniec] I do not think it is possible to make a comparison in those terms. Some problems, such as the constant arguments with Slovakia over the form of organization of the state, have disappeared. We have succeeded in establishing a stable parliament and government, and we have a well directed economic reform which is accepted by the overwhelming majority of our population. Political and economic stability is also extremely important from the viewpoint of cooperation with other countries.

We note considerable interest on the part of foreign investors, who can find considerable potential here. We have a large foreign trade surplus, and in the balance of payments we have sufficient currency reserves.

Our unemployment rate is just 3 percent. Our currency's exchange rate is stable, having hardly fluctuated in the past four years. And these are all signs of an economic boom and also a good basis for the favorable development of the whole of society.

[De Sousa] What is the current relationship between the Czech Republic and Slovakia? Are they friendly relations?

[Zieleniec] This whole process has been very painful for us, because from the psychological viewpoint it is very difficult for us to accustom ourselves to the idea that a state is dividing. We therefore adopted a pragmatic attitude and did what was necessary at the time. We sat down at the same table and discussed dozens and dozens of agreements. We can now say that there are reciprocal agreements between the two countries governing all aspects of our lives. There are no problems for the population. They can travel freely. They can live in either country; the problems of hiring, insurance, and social welfare have been resolved. A customs union has been set up. I am convinced that resolving all these problems created the basis for the whole process' success. When I look back, I can say that it was almost a miracle to have succeeded in maintaining the friendly relations which exist between us, despite this very confused and painful situation. Of course there are still some problems, which I hope will be resolved, but I am convinced that we will resolve them as we have resolved all the others. Relations, both between the two states and between the two nations, remain friendly, and we are very pleased that this has been achieved.

Parliament Chairman Criticizes President Kovac

AU0106195194 Bratislava SLOVENSKA REPUBLIKA in Slovak 30 May 94 p 2

[TA SR report: "Nonfunctional Parliament"]

[Text] Vranov nad Toplou—The developments leading to the dismissal of Vladimir Meciar's cabinet, the causes of the dismissal, and the current political situation in Slovakia were the topics discussed by Ivan Gasparovic, chairman of the National Council of the Slovak Republic [NRSR], at a rally with the citizens of Vranov nad Toplou yesterday.

He said that the Meciar government could not concentrate forces on completing its program because, among other things, "Slovak President Michal Kovac complicated the situation by his speech in parliament [on 9 March] when he confused his jurisdiction and started enforcing a tough policy."

The NRSR chairman went on to say that, with one or two exceptions such as the law on levying a value-added tax of 26 percent on selected types of goods, which has been prepared by Jozef Moravcik's government, the laws being currently adopted in parliament were mostly prepared by Meciar's cabinet. He stressed that the current parliament is no longer able to make unanimous progressive decisions and that conflicts and disagreements prevail in it.

Government Reacts to Meciar Statements

LD0206212694 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 2030 GMT 2 Jun 94

[Text] The Press and Information Department of the Slovak Government Office has published its stance on statements made by Vladimir Meciar, the HZDS [Movement for a Democratic Slovakia] chairman, about the coalition government. The department's statement says that Meciar's repeated statements about the existence of secret agreements within the current government coalition—according to which the Jozef Moravcik cabinet is alleged to have assumed the obligation to fulfill the demands outlined in eight points by the political entities representing the Hungarian national minority—have revealed that the HZDS is completely under the influence of demagogic lies.

In its statement, the Press and Information Department of the Slovak Government Office once again stresses that there are no secret agreements obliging the current government to fulfill the above-mentioned number of demands. What does exist is the government program statement adopted by the National Council.

The statement goes on to stress that the HZDS chairman's criticism of the course of privatization is equally self-serving and demagogic, as it was his cabinet that slowed down the transformation of the economy—something that resulted in last year's results of the Slovak economy being worse than those of the Czech economy.

The Press and Information Department of the Government Office concludes its statement reacting to some statements by Vladimir Meciar by pointing out that his statements are creating preconditions for a radicalization of our society.

Horn Views Victory, Economics, Ties With West

BR0206133694 Paris LE FIGARO in French 2 Jun 94 p 4

[Interview with Hungarian Socialist Party Chairman Gyula Horn by Antoine de Gerondo; place and date not given]

[Text] Gyula Horn, leader of the (former Communist) Socialist Party which won last Sunday's parliamentary elections, should logically become the next Hungarian Government chief. He will then have many reasons to savor his victory. First, because shortly before the first round of the elections this 62-year-old man miraculously survived a car accident, which has left him wearing a metal surgical collar. Second, because he has overcome the accusations about his controversial past when, as a young Communist, he formed part of the militia responsible for crushing the 1956 uprising. Indeed, for most Hungarians, this former Communist is still primarily a reformer who contributed to the collapse of the Soviet bloc by enabling East German refugees to reach the West via Hungary in 1989.

[De Gerondo] How can your past as party leader be reconciled with your recent conversion to supporting free trade and the market economy? Will you continue the previous government's policy?

[Horn] I find it difficult to understand how my past as a party man can interfere with my conversion to a supporter of a free market economy. On Sunday, in the parliamentary elections, the Hungarians overwhelmingly rejected the previous government. Logically, I find it difficult to see why I should continue that government's line. But, to the extent that your question relates to the Hungarian Socialist Party's intention of setting up a market economy, I say firmly that this is our intention.

[De Gerondo] If you become prime minister, what will you do to draw a distinction between your role as party leader and that of government chief? In particular, will you be able to counterbalance the influence of the MSZOSZ (the powerful trade union federation led by Sandor Nagy), the legacy of the past and the basis of your electorate?

[Horn] The functions of government chief and party leader are not incompatible. Moreover, there are many examples in Western Europe. I personally await the decision of the forthcoming Socialist Party congress. As regards the second part of your question, we have still not analyzed in detail the fundamental structures of our voters or their sympathies. My intention is to entrust this task to an opinion poll institute. Today, nobody in Hungary can answer this question. Everybody has the right to express his own views. However, I must add that I am well enough known for people to realize that I make my decisions alone.

[De Gerondo] Will you continue the current privatization policy? In particular the return of land to its former owners and the payment of compensation?

[Horn] We will not continue the privatizations in the same way. Compared with the policy pursued by the former government coalition, we want to prevent corruption. Privatization operations will be open and subject to the sovereignty of the deputies. The goal will be to protect jobs, and even to create them, and not to deliver Hungary to uncontrolled commercialism. To answer the second part of your question, it is natural that the legal provisions on compensation, which have already been adopted, should be respected and that compensation should be carried through without restrictions.

Respect for the Opposition

[De Gerondo] Following your victory on Sunday, will you take account of the opposition's proposals if they serve the country's interests?

[Horn] Even in the past, I have always taken account of proposals or even ideas from other groups. Without discrimination. I will not depart from that line of conduct now.

[De Gerondo] Hungary needs Western aid to rebuild its economy. Will you continue the policy of cooperation with the Western countries set up over the past four years, or will you adopt a different course? In particular, will you have different relations with the countries of the former Socialist bloc and with the countries which have emerged from the former USSR?

[Horn] Hungary does not need Western aid to rebuild its economy. To modernize its infrastructure, this country must follow one political line: maintaining market relations with all the countries which have a mutual interest. The Hungarian Socialist Party's position is known: We will not question the bases of our foreign policy which is the result of a general consensus among the six parties represented in parliament. However, we cannot deny that the previous government made mistakes in relations with the East European countries. Geopolitically, and also because of historical circumstances, it is logical that we should give more weight to our relations with Eastern Europe.

[De Gerondo] Will you give new impetus to the process of integrating Hungary in the European Union and NATO?

[Horn] That would be a kind of "unrequited love." The integration process is now functioning by itself as a series of provisions which have been discussed and drawn up and which contain preconditions. In this respect, it is rather unlikely that a change of government will make big differences to the process started.

[De Gerondo] You are also known as the Socialist monarch. You were a reformist Communist in the past, and now you are a Socialist. Are you really a democrat?

[Horn] Over the past four years and especially in recent weeks, I have been given many titles. I have not heard the one you mention, or at least I do not remember it. I think that over the past few years, the Hungarian Socialist Party has asserted itself as a truly democratic movement, as a force of the Left which defends the interests of the majority of society. I am president of this party. But you probably know this comment by Heinrich Boell: "Any honest man has been a Communist at least once in his life."

MSZP Leader Views Coalition Prospects

LD0106123094 Budapest Kossuth Radio Network in Hungarian 1000 GMT 1 Jun 94

[Excerpt] A Hungarian Socialist Party [MSZP] coalition with the Alliance of Free Democrats [SZDSZ] at any rate, but not at any price; this was said by Gyula Horn at the 31 May session of the council of Budapest branches of the MSZP. Journalists were briefed today on what happened at the session. Edit Schranz reports.

[Schranz] Party Chairman Gyula Horn spoke of a determination to form a coalition, according to Lajos Matyas Szabo, chairman of the council, who described yesterday's session of the Budapest branches of the MSZP. Szabo said a stable coalition is an important factor in the party's legitimacy in the eyes of society. This is what Lajos Matyas Szabo said:

[Begin Szabo recording] We view the coming period as one of modest and expert service, and, as the principal guarantee for all this, a coalition with the SZDSZ—at any rate but not at any price. In other words, on the basis of programs already coordinated. [end recording]

[Schranz] Szabo also said that last night's session did not discuss the question of whom to recommend as prime minister, because this has first to be debated by the 25 branches in Budapest.

The proposals for the post of prime minister will be assessed by the MSZP on Thursday, the party's position will be formed by Friday, and this will be submitted to the MSZP Congress on Saturday, Lajos Matyas Szabo explained.

By the way, it is Chairman Szabo's view that since the MSZP has 63 percent of the Budapest seats in the National Assembly, this will allow it to direct the country onto a socialist-liberal path. [passage omitted]

MSZP's Kovacs Comments on Foreign Policy

LD0206222494 Budapest Duna TV in Hungarian 1410 GMT 2 Jun 94

[Studio interview and phone-in question-and-answer session with Laszo Kovacs, chief foreign affairs expert of the Hungarian Socialist Party, by unidentified announcer—live]

[Excerpts] [Announcer] Welcome to Laszlo Kovacs, foreign affairs expert of the Hungarian Socialist Party [MSZP]. The foreign affairs policy of the MSZP—which has been elected to government—and the party's relations with Hungarians living beyond our border are on our agenda here. [passage omitted] Do you consider a wide-ranging regional autonomy justified where the composition of population is suitable for this, for example in Szeklerland? [passage omitted]

[Kovacs] I think that the demand for autonomy is a justified endeavor of the Hungarians beyond the border wherever they live in large numbers on a certain territory. Furthermore, Szeklerland is in a special situation; it is rather far away from the Hungarian border, so the idea of fulfilling the demand for autonomy would, by any chance, lead to the upsetting of borders. This is certainly an important and, at the same time, sensitive issue, which can only be approached and put on the talks agenda if the sides concerned approach it with good intentions. This is why we consider it so important that Hungary and its neighbors should have basically good relations, because these issues cannot even be put on the agenda without it.

[Announcer] Yes, Gyula Horn has several times mentioned that there is a need for a historical reconciliation with our neighbors. What does this mean exactly?

[Kovacs] We mean that we have to settle our relations, first of all with Slovakia and Romania, which have become very tense over the past years. We have never said....[pauses] We even emphasized that this was not exclusively the Hungarian Government's fault. What we said was that the Hungarian Government was not able to handle the tensions, which had occurred for objective reasons, for example, because of the nationalistic endeavors in neighboring countries and, on the other hand, the Hungarian Government itself contributed to this tension with some clumsy statements and unfortunate steps.

Well, we are of the view that the settlement of these relations is inevitable for several reasons. On the one hand, it is obvious that relations with our neighbors constitute a security policy issue for Hungary; on the other hand, Hungary—and any country in general—cannot exist without pursuing extensive economic-commercial cooperation with its neighbors. The third specific question is that the life of Hungarians living in neighboring countries cannot improve if we forego, from the outset, the means provided by settled relations and dialogue.

Where else could we raise these problems? I do not believe that any kind of pressure can be put on our neighbors with canceled visits—or even with visits that have not taken place. The experience of the past four years has not proved the usefulness or productivity of this approach. Hungary does not have such influence that any kind of effect could be achieved in this way. With certain exaggeration I can even say that Hungary

cannot put pressure on Romania with success because Romania is twice as big as Hungary, and we cannot put pressure on Slovakia because Slovakia is half as big as Hungary and, therefore, twice as sensitive. Exercising pressure must be excluded from our means.

[Announcer] [passage omitted] What kind of guarantees does the MSZP see that Romanians will observe their minimal promises to the Hungarian minority, since they have never kept their promises in 70 years?

[Kovacs] I think that it is an absurdity to sit down at the international negotiations table with the assumption that my partner is lying or that my partner has never kept his promises. This is an absurdity. In this case there is no point in sitting down, there is no sense in negotiations. [passage omitted] I see only one guarantee. There is a need for an international—bilateral—agreement, the frequently mentioned Basic Treaty, which includes real elements of guarantee, in respect of which the sides can be called to account. I have also hopes for the initiative called the Balladur plan, the opening conference for which took place in Paris just last week.

[Announcer] Does the MSZP—and you personally—think that the so-called Ukrainian clause could be included in these basic treaties?

[Kovacs] I think, yes. However, I have to add....

[Announcer, interrupting] Both in the Hungarian-Romanian and the Hungarian-Slovak Basic Treaties?

[Kovacs] I think, basically yes. However, those who say this, that this Hungarian-Ukrainian Basic Treaty cannot set a precedent, are also right. A Hungarian-Ukrainian Basic Treaty cannot set a precedent for a Hungarian-Slovak or a Hungarian-Romanian basic treaty on a one-to-one basis.

However, I regard it as a mistake that, at the time some government politicians categorically said that a basic treaty of this kind will not be concluded any more. What kind of basic treaties will we then conclude? Naturally, the Hungarian-Ukrainian, the Hungarian-Romanian, and the Hungarian-Slovak basic treaties will not literally match. However, I think that the content of the future basic treaties will be similar to the Hungarian-Ukrainian one.

It will not be possible to evade two questions in them: One of them is the repeated confirmation of the borders, the renouncing of territorial claims; our neighbors insist on it and we have no reasons for evading them, because we really do not have territorial claims, because we really do accept the current borders. This is not an argument because we have confirmed it hundreds of times. Since we have accepted it hundreds of times, there is no reason why we should not do it another time.

Another question that cannot be evaded is guaranteeing the rights of the Hungarian minority living there and—let me add, since it is a bilateral matter—the minorities living here. [passage omitted]

Our political rivals often accuse us of intending to conclude unilateral basic treaties. [passage omitted] We have never said that. We have always stressed that the border issue and the minority issue cannot be evaded either in the basic treaties.

[Announcer] [passage omitted] Will the future Hungarian Government undertake the representation of Hungarians beyond the border if they cannot represent themselves—as it happened at the opening conference—in the European stability process.

[Kovacs] [passage omitted] Agreements on minorities in this matter, with which the minorities themselves do not agree, cannot be concluded. This is obviously absurd. Therefore, some kind of solution has to be found so that the minorities can present their endeavors and interests. [passage omitted] Hungarian foreign policy, in my view, should not be considering whether to undertake or not the representation of the minorities, but far more than that: the question of how to convince the sides concerned in the conference that the minorities have to have their say. A solution has to be found for this.

[Announcer] [passage omitted] What are the MSZP's plans with Duna Television? Will the MSZP support it with grants from the budget?

[Kovacs] [passage omitted] If Duna Television really usefully contributes to the cause of normal relations between Hungary and its neighbors and—by this, together with this, parallel with this—the cause of Hungarians beyond the border, I think that Duna Television will be worthy of support. [passage omitted]

[Announcer] Thank you very much for the answers from Laszlo Kovacs, about whom it is being said in Budapest that he is a possible candidate for the post of foreign minister.

[Kovacs] I think that it will be decided by the coalition talks, with particular regard to the question of which of the possible coalition partners will get the foreign affairs portfolio....

[Announcer interrupting] But if it is offered?

[Kovacs] Naturally, this is such a professional challenge—it will be the peak of my foreign affairs career—that I would say yes, but at the moment we are not talking about it.

[Announcer] Thank you very much.

Bekesi Views Structure of Economic Ministries

AU0206120494 Budapest MAGYAR HIRLAP in Hungarian 1 Jun 94 p 1

[Report by Ibolya Veres: "Bekesi: If the Prime Minister Is an Economic Expert, There Is No Need for a Deputy"]

[Text] With the approach of the government change, the question whether there will be an main economic ministry is becoming increasingly more important. What kind of reorganizations are the party that was victorious at the elections planning for the economic ministries? It makes a difference whether the government begins its operation by establishing a new state administration structure—which takes quite some time—or if it keeps the existing structure. We interviewed Laszlo Bekesi, the number one economic expert for the Hungarian Socialist Party [MSZP], on this issue.

It is very important to have an economic policy center. It has to be achieved that the spheres of authority for decision-making and preparation do not clash, which requires a suitable institutional structure, Bekesi said. He considers the current system untenable because the spheres of authority are fragmented between the Office of the Prime Minister, the Finance Ministry, and sometimes the Ministry of Foreign Economic Relations, or the Industry and Agriculture Ministries. According to Bekesi, all this is not satisfactory and, instead, integration is the main goal.

In his view, a threefold structure is needed. Based on the Finance Ministry, an main economic ministry has to be established to governs the macro-processes, the balancing processes, medium and long-term strategies, economic integration, and state finances. The finance minister who heads this ministry also has to be the leader of the economic cabinet. Bekesi believes that the view that the Finance Ministry should be turned into an office solely for tax and budget affairs does not correspond to the current Hungarian situation. This might be the future way, but it cannot be implemented at the moment, Bekesi claims. Should the finance minister responsible for economic control also fulfill the function of deputy prime minister? In Bekesi's view, this depends on whether the prime minister is an economic expert. If he is, then there is no need for the finance minister to be a deputy prime minister at the same time. However, if the prime minister is not an economic expert then the finance minister responsible for the economy must also be a deputy prime minister.

Another ministry will have to deal with the tasks of the economic branches, governing the real economic processes, market protection, concrete foreign economic relations, and technical development. This ministry has to be established on the basis of the current Ministry of Foreign Economic Relations, by merging the Industry and Trade Ministry and some sections of the National Technical Development Committee [OMFB], Bekesi claims.

The third economic ministry will have to fulfill diverse tasks in the areas of infrastructure and regional-development, Bekesi believes.

Editorial Views Assembly Election Results

AU0206123794 Budapest PESTI HIRLAP in Hungarian 1 Jun 94 p 9

[Editorial by Andras Bencsik: "Balkan Dreams"]

[Text] One can interpret the recent elections in many ways. The first lesson, however, is that Hungary has returned to the line of former socialist countries after a detour of four years. Like almost everywhere, the victorious left also returned to power in Hungary. For the Hungarian voters, the Balkan way seems to be more feasible than the European way; however, this does not mean the end of democracy; it only means a different model.

We can draw at least a similar lesson from the fact that the Socialists' triumph is accompanied by the fall of all the former opposition parties. Members of the government coalition have been automatically replaced and, within the coalition, the collapse of the Hungarian Democratic Forum [MDF] became tragic at the election finish. The former rallying party with 42 percent of the votes has become a dwarf party with 9.5 percent. However, the collapse of the other opposition parties is even more spectacular than the tragic defeat of the MDF. The Alliance of Free Democrats [SZDSZ], which seemed to be heading for triumph at the end of the first round, suffered the third-biggest loss after the losses of the MDF and the Smallholders Party by the end of the second round and compared with the 1990 elections. This is a surprising development, and it is even more surprising that the liberals were unable to get a single individual candidate in parliament in Budapest decorated with the party's flags.

I think it is not an exaggeration to say that, indirectly, the two rival parties—the SZDSZ and the MDF—did the most for the success of the Hungarian Socialist Party [MSZP]. And this really gives food for thought. Just like [SZDSZ Chairman] Ivan Peto's sudden fit of the blues. The chairman of the party that was running its superstar candidate for the position of prime minister is now desperately trying to prove that they have not yet made any clear statements regarding the coalition, and he is trying to make people understand that the liberals do not find it at all attractive to join the government.

I believe that it is no longer attractive for them today. Gabor Kuncze's glory is over. Not only that he will not become prime minister, but it is hardly questionable whether he could get a ministry from the few the Socialists might offer to them in a possible government coalition. However, the issue is more complex than that. If the SZDSZ decides to remain in opposition, they will get into a rather special situation, because remaining in opposition at the cost of shrinking the party will hardly seem a noble feat of arms to the party membership divided over the idea of a left-wing coalition.

In addition, in the opposition, the SZDSZ will enter political quarantine. Viktor Orban [chairman of the

Federation of Young Democrats, Fidesz] already said it clearly that the liberal coalition has ceased to exist. And the relations between the former coalition parties and the SZDSZ are at least that clear.

In the opposition, the SZDSZ can become unpleasantly isolated and this can lead to the disintegration of the party elite. If it gets into the government, the SZDSZ will become weightless and will also lose a considerable number of influential members and supporters who reject the leftist government.

The coalition will not be an easy one, and the Socialists are also aware of this. They now regard both liberal parties as natural partners, and this formulation also contains a message to the Fidesz. The Fidesz will also find it difficult to decide, because this party collapsed into the smallest party, but they preserved their moral reserves, something that can also be reduced to nil in a few months at the side of the Socialist Party with an absolute majority in Parliament.

Logic would dictate today that the Socialists should form a government alone, but logic is asserted in politics in a rather complex way. The MDF, which caused a landslide with its tragic politics, might cleanse itself and strengthen in the opposition, if it is able to acknowledge its defeat. Although the SZDSZ, which made complete use of the MDF mistakes, could make their dreams of power true, they could only do that at a price that could lead to a total disintegration of the party, because a big social-democratic party could also be the end of an MSZP-SZDSZ coalition. A possible liberal-conservative opposition coalition would completely close the door to the SZDSZ that joined the government. However, if the SZDSZ gives up its dream of power, they will have to admit that they also followed a tragic strategy. And they will not have the cathartic and protecting force of the experience of government activity behind them.

Today, the SZDSZ has to choose between two bad things. Both bad things can considerably reduce the party's weight, power, and credibility. If they win, they will lose. If they join the loser, they might win. Perhaps in a later round. Whichever solution they choose, their decision will lead to the emergence of a new SZDSZ. Paradoxically, the tragedy of the SZDSZ is identical with that of the MDF. However, the MDF has it easier, because it no longer has a choice: If it fails to renew itself, it will cease to exist. However, its political counterpoint does not yet know which possibility of renewal to choose: To assimilate or to again deny itself.

Walesa's Possible Opponents in Election Viewed

WS0306110994 Warsaw GAZETA WYBORCZA in Polish 3 Jun 94 p 3

[Report by Wojciech Zaluska]

[Text] *Lech Walesa is willing to be reelected but he has no political backing. Currently, he can only count on the weak Non-Party Bloc in Support of Reforms. And it is becoming increasingly clear that his rapport with the party makes no sense. A divorce before the elections is possible.*

So far, Walesa's attempts to win the favors of "Solidarity" have come to nothing. The president blocked popiwek [enterprise tax on above-normative pay] but the trade union did not agree. And it may never. There are both enthusiastic supporters and fanatic opponents of Walesa in "Solidarity." The former are blocking the latter's measures, and so far—successfully.

So what is the president counting on? Most probably, he is counting primarily on television. Through television, he wants to reach out to society ... over the heads of politicians. So he is fighting like a lion for access to television.

Competitors Are Waiting

Walesa's most serious competitors—Aleksander Kwasniewski with 16 percent and Waldemar Pawlak with 9 percent—have so far not submitted their candidacies. They will definitely try to postpone the decision until the last moment. By declaring their participation in the race, they will initiate a war with the Belveder. The war will paralyze the government's routine proceedings, so the later it begins, the better.

Being front-page politicians, Kwasniewski and Pawlak do not have to rush things. They are popular, and they have strong party structures to back them.

Could they give up trying to win the presidency for themselves? Yes, they could. There are more candidates waiting in the back room: In the Democratic Left Alliance, it is Sejm Speaker Jozef Oleksy (3 percent), while in the Polish Peasant Party—Deputy Sejm Speaker Jozef Zych.

Party Primaries

Among post-"Solidarity" parties, the slogan of having just one candidate of the post-1980 August Poland is popular. But so far, not much has happened—it remains just a slogan. "Primaries" are taking place in the parties and coalitions.

Only the Alliance for Poland (Christian-National Union, Center Accord, Peasant Accord, Movement for the Republic, Conservative Coalition) has come up with a candidate. It is Supreme Court Chief Justice Professor Adam Strzembosz (4 percent).

In the Freedom Union [UW], two names appear most often: Leszek Balcerowicz (4 percent) and Jacek Kuron (4 percent). Each man has different ideas for reforms. By choosing one of them, UW members will choose the party's image. If they decide in favor of Balcerowicz, then UW will become a party of "friends of the market" while if they choose Kuron, then UW will become a party of "friends of the people."

It is a choice which a large part of UW members wants to avoid making. Balcerowicz is "too liberal" while Kuron is "too social democratic" for them.

So it cannot be ruled out that it will be... Hanna Suchocka again. It could also be Tadeusz Mazowiecki, Bronislaw Komorowski, or Andrzej Zoll.

Whose Names Does "Solidarity" Whisper?

"Solidarity" is also talking about some candidates. The names of Zbigniew Romaszewski and Jan Olszewski are being mentioned. Both of them have been involved in establishing a "Solidarity"-type political party. Their campaign could help promote such a party.

But Marian Krzaklewski, the trade union's chairman, is not among enthusiasts of such a party. He is strong enough to successfully block both candidacies. Will he submit his own candidacy?

Poll Shows Coalition Leads in Local Elections

WS0306111294 Warsaw RZECZPOSPOLITA in Polish 1-2 Jun 94 p 2

[Report by "J.T.P.": "Coalition Leads; CBOS on Local Elections"]

[Text] *It can be concluded from a May poll conducted by the Public Opinion Research Center [CBOS] that about 41 percent of eligible voters will take part in the upcoming local elections. This would mean that this year's turnout will not be different from that of four years ago when 42 percent of the voters decided to vote. But because the poll was conducted a month before the elections, the situation may still change.*

According to responses given by respondents in the first half of May, the Polish Peasant Party [PSL] leads among the parties running in the elections, with 16 percent, followed by the Democratic Left Alliance [SLD] (15 percent), the Freedom Union [UW] (12 percent), and the Union of Labor [UP] (10 percent). In the second half of May, 21 percent of those polled wanted to vote PSL, 12 percent for SLD, and 15 percent for UW. The remaining parties would gain fewer than 3 percent of the votes. But the largest group of respondents could not make up their minds regarding any party. When one compares that with results from the previous elections, one can conclude that UW and SLD have the most faithful electorates, with the Union for Real Politics and the Non-Party Bloc in Support of Reforms having gained the greatest number of new supporters; from among the big parties,

the highest number of new supporters was gained by UP, while the smallest number—by UW. These results must however be approached with great caution since a big part will be played in the local elections by local election committees, with political parties being behind some of them. After taking into account the participation in the elections of local committees (for which many voters would prefer to vote instead of the parties), one can state that PSL should gain at least 10 percent in the elections, SLD—9 percent, UW—7 percent, UP—5 percent, while the coalition with the participation of the Christian-National Union—4 percent.

So these results are different from some data on election preferences in parliamentary elections that were published in Tuesday's RZECZPOSPOLITA and that were collected by the Sopot-based Social Research Institute [Pracownia Badan Spolecznych]. If parliamentary elections were to take place today, they would be won by SLD, followed by UW, and PSL (which has the biggest chances for the local elections) coming third. It is obvious that both polls were conducted on different kinds of voters and they apply to different situations, and that is most probably how the differences came about.

Forty-five percent of those polled evaluated the performance of the outgoing gmina councils very well or just well (during the May poll), while 29 percent said their assessment was "rather bad" or "very bad." Local authorities have for a long time been the authorities institutions gaining the best public assessments of all. In an April poll, their performance was positively evaluated by 57 percent of those polled. Despite that, the biggest group of the polled will tend to vote in favor of changes rather than in favor of a continuation when it comes to personnel composition of gmina councils. They do not have high praise for the importance of local elections, either.

The poll was conducted during 7-10 and 19-23 May, using a representative random sample of adult residents of Poland.

Foreign Ministry Responds to CE Rights Report

AU0306112594 Bucharest Radio Romania Network in Romanian 0400 GMT 3 Jun 94

[Text] Our correspondent at the Ministry of Foreign Affairs has reported on the memorandum distributed at the Council of Europe [CE] in Strasbourg on 26 May in connection with Romania's observance of the pledges it made at the time it joined that body. The document replies, point by point, and makes topical all the pieces of information contained in the Koenig-Jansson report.

After taking note of the conclusions in the report that show appreciation for the favorable basis existing in Romania to further pluralist democracy and after acknowledging the toilsome efforts made by the rapporteurs, the document points out certain outdated pieces of information which have been overtaken by recent evolutions in Romanian society as well as certain inaccurate or distorted pieces of information stemming from the fact that the sources were sometimes one-sided.

The memorandum also contains a number of additional clarifications, such as the fact that on 17 May Romania's president promulgated the law ratifying the European Convention on Human Rights and its additional protocols and that Romania acknowledges the exceptional importance of its adherence to the European Convention on the Prevention of Torture and Inhuman and Degrading Punishment or Treatment of Persons, a document which it signed on 4 November 1993.

The competent commissions of parliament are examining two draft laws on ethnic minorities, one elaborated by the UDMR [Democratic Union of Hungarians in Romania] and a second one elaborated by the parliamentary group of [non-Hungarian] ethnic minorities in the Chamber of Deputies. The education draft law currently being debated in parliament is based on the stipulations of the Constitution, which guarantee the right of persons belonging to ethnic minorities to study in their mother tongues and their right to education in their mother tongues. The aforementioned draft law, the memorandum assesses, surpasses the existing standards of the CE in the domain of education and training in the mother tongues of ethnic minorities.

The document elaborated by the Ministry of Foreign Affairs also presents further information which has been made topical or supplemented, ensuring the CE that Romania's Government will make all necessary efforts to accomplish, as soon as possible, all the pledges made at the time of the country's adherence to that body.

In view of the fact that the procedures used in the process of verifying are still being discussed by the [CE] Committee of Ministers, the document assesses that the current system of reports, in its existent form, is an outdated method of verification.

Article Views 'Monetary Catastrophe'; Part 1

AU0206053094 Bucharest CURIERUL NATIONAL in Romanian 23 May 94 pp 1, 2

[Part one of a five-part article by Alexandru I. Mihail: "Concerted Fire Upon the Leu"—all figures as published]

[Text] Despite the fact that 1993 was the fourth year of the transition period, instead of decreasing, the rate of inflation grew by 320 percent, which represents an average growth rate of about 30 percent each month. In 1993 the growth of inflation doubled as compared to the whole period between 1990 and 1992. This proves that the general state of our economy has gravely deteriorated and by no means that the decline was halted, as claimed by the executive. This is so because the inflation rate reflects all the important figures characteristic of our economy in the current period: the dynamics of industrial production, which stays constantly at a level of 50 percent as compared to the same figure in 1989, lessening the possibility for the money existing on the market to be absorbed; the state budget deficit amounting to almost 800 billion lei, which means inflation; the volume of "current" loans worth over 400 billion lei which are immobilized in the state-owned sector of the economy, which causes a genuine monetary bleeding; the debts (outstanding loan debts and payments to be paid to furnishers, banks, and so on) amounting to approximately 2.400 trillion lei, which seems to be buried for good, and our hard currency reserves that almost invariably amount to $100 million to $300 million (as compared to the $3.5 billion hard currency reserves of Hungary!)

While in the first two to three years of the transition inflation was partially justified by the transformations that took place in the economy, in the fourth year the rampant acceleration of the rate of inflation is an extremely alarming phenomenon. It reflects a fundamentally mistaken economic policy, a regression in the productive sectors (industry and agriculture,) a slowdown in investments, and the virtual blocking of the reform.

All assertions intended to calm down the spirits, claiming that in neighboring countries similar inflation processes are taking place, are nothing but gross deceptions, typical attempts to mislead public opinion. Here is the proof of the evolution of the leu compared to the dollar and to the national currencies of the neighboring countries:

The dollar's exchange rate on 31 December 1989

1. The Czech koruna	24
2. The Hungarian forint	60
3. The leu	35

The dollar's exchange rate on 20 May 1994	
1. The Czech koruna	28
2. The Hungarian forint	80
3. The leu	1,615

The devaluation of national currencies over December 1989-May 1994

	(in percent)
1. The Czech koruna	17
2. The Hungarian forint	33
3. The leu	4,600

One leu, which four years ago was worth one Czech koruna, now merely represents the 58th part of the latter. Similarly, one leu, which in 1989 was rated as equal to one Hungarian forint, now is merely worth the 20th part of the latter.

The same dramatic evolution can be noted also as compared to other Western currencies, such as the Italian lira, which four years ago was rated 100 lire to 1 leu, while today 1 lira is worth 1.03 leu, that is, its value exceeds that of the leu.

The collapse of the leu makes itself felt in the baskets of Romanians, which contain less each day. It is a genuine monetary catastrophe caused by the collapse of the economy. The devaluation of the national currencies of former Yugoslavia and the former USSR can in no way be compared with that of the leu, as in the case of the former states it was caused by territorial and ethnic armed conflicts, coups, and so on, which did and do not take place in Romania.

The acceleration of the inflation process in Romania is only partly due to the drop in industrial and agricultural production, as the gross industrial product merely decreased by 40 percent as compared to 1989, while the leu devaluated by 46 times its value.

This intensifying of the inflation was principally caused by errors made in the governing of the country. Above all, this refers to the successive liberalization of prices, which totally escaped from under control, thus acting as a genuine attempt upon our national currency. The chaos was furthered by the passive stance of the ministries, which let the producers do anything they wished, as well as by the lack of firmness on behalf of the Ministry of Finance and the National Bank. The latter did not request that abusively established prices should be corrected, they did not practically intercede in any way, and they did not supervise the liberalization of prices as if it could not have affected the circulation of money in any way. Abuses in prices and fees generated and are still generating inflation; inflation was also caused by the fact that companies were allowed to include in their prices the cost of irrational use of raw materials, energy, fuel, and spare parts, the costs of maintaining all the personnel while production was dropping, the poor quality of their products, and so on. All this made prices of products and services artificially increase and, implicitly, the leu's purchasing power drop; that is, it caused large-scale inflation.

Inflation considerably increased also owing to the fact that over the 1990-1994 period state companies paid several thousands of billions of lei to their employees, without any control whatsoever, as it was sufficient if the public corporation or the commercial company had enough money in its bank account at the moment the payments were made. That is, no one checked whether they were producing or not, whether their products could be sold or not, whether they were merely working with 50 percent or even less of their production capacity, whether they were working at a profit, that is, whether they could actually afford to pay the salaries. The gravest thing of all, regardless of whether the companies owed money to their suppliers, banks, or the state, they were still allowed to pay salaries from their current incomes without first paying their debts. Actually, salaries were paid from the money they owed their suppliers, banks, and the state budget.

Sometimes the banks did not even forfeit the interest for the borrowed amount. The banks merely checked whether the companies paid the income taxes and the social security fees of their employees, while in the case of public corporations and state-owned commercial companies the representatives of the state allowed for the payment of salaries even without any control whatsoever. In 1993 alone in the state-owned sector of the economy salaries worth over 3,000 billion lei were paid (about 70,000 lei in real salary paid monthly to each of the 3.9 million employees in the state sector of the economy.) If merely one third of that amount was paid over the past four years without economic justification or without the companies actually being able to pay, we already spotted the principal source of inflation.

The Ministry of Finance, the National Bank, and the Banking Association never protested the law which allows for the payment of salaries before first paying company debts to the suppliers, banks, and the state budget. No lucid and reasonable finance expert would have accepted that payments should be made in that order in the state sector of the economy, especially in a period when that sector was subjected to profound restructuring, it was being adapted to market economy, and so on. No private entrepreneur can afford to pay salaries regardless of anything else, because he would go bankrupt, a thing which, however, cannot happen to our state-owned companies.

Associated with the introduction of the five-day work week, such inflation-causing practices explain to a great extent the continuous descent of our economy and our national currency. Both of those aspects prove incompetence and a superficial handling of the big issues of the country and they are obvious concessions made for populist reasons, which encouraged people not to work, disorder, and inflation. This irresponsible system of salary payments continued in 1994 as well, hindering

reform and alarmingly aggravating inflation. This happens because no one has the courage to halt the payment of salaries in the companies that are indebted, fearing that this would stop the activity of the employees of a large number of companies and public corporations.

The non-existence of control over prices and fees, as well as over the payment of salaries, stimulated the production of goods that have no markets, that is, the so-called producing for the stocks. This type of production invariably amounts to about 10-15 percent of the entire production.

The producing for the stocks generates inflation because the money spent on the manufacturing of those goods is not returned to the economic circuit or it is only partially returned and with great delay. In certain sectors producing for the stocks is still continuing, as its negative consequences are obviously ignored.

The bank loans granted over the past years are greatly responsible for generating inflation. In 1990 the state-owned companies were granted loans worth about 400 billion lei, in 1991 worth 700 billion lei, all at a low interest rate which on the average did not exceed 10 to 15 percent. These loans actually represented a hidden state subsidizing of the non-profitable or low-efficiency companies. The amount that was not paid back for the aforementioned loans generated inflation, similarly to the loans worth about 3,000 billion lei granted over 1992 and 1993.

Such explosion of the loans over 1993 occurred as a result of the unprecedented growth of inflation and also caused, in turn, inflation. This happened because a significant part of those loans was used to cover deficiencies, to pay for older debts, and so on, and not to stimulate production and attract the cash existing on the market.

Inflation was directly generated by the so-called compensation loans worth 500 billion lei, which were granted in 1992, to unblock the accounts of certain state-owned companies. This allowed them to go on paying salaries and spend further money for the non-profitable manufacturing of goods, produce for the stocks, and temporarily used up funds taken out of the economic circuit, by which it created inflation. Strictly financially speaking, this was a genuine disaster, as no bank in the whole world would grant loans to unblock accounts, as that would imply a 100-percent inflation.

Similarly grave is the fact that a significant part of the loans granted over 1991-1993 was used for speculative purchasing of hard currency, which was subsequently hoarded up at home or abroad. This amount of lei was taken out of the economic circuit, thus also generating inflation.

Profiting from the slackness and lack of control on behalf of the banks, certain companies, mainly those owned by the state, did whatever they wished with the loans, thus depriving the economy of important financial resources. We are still paying the penalties for those acts of abuse and grave errors that were caused to a great extent by the incompetence of the Ministry of Finance and the National Bank, which tolerated and encouraged abuse by not trying to stop it.

Part 2 of Article Published

AU0206050094 Bucharest CURIERUL NATIONAL in Romanian 24 May 94 pp 1, 2

[Part two of a five-part article by Alexandru I. Mihail: "Concerted Fire Upon the Leu"]

[Text] The progressive increase of the interest rate applied to the bank loans granted over 1991-1992 from 10 percent to about 70 percent contributed, along with other factors, to a drop in the production of goods and services, which could have absorbed the cash available on the market. Such an increase of the interest rate indirectly caused inflation, as its weight in companies' spending rose to 30-50 percent. This compelled the companies to increase the prices of the products or services they offered.

The idea of increasing the interest rate over the first years of the transition period went completely wrong. Instead of restraining inflation, the high interest rates made it grow even faster. Besides artificially increasing the prices of products and services, the growth of the interest rate discouraged activity in industry, agriculture, services, and tourism, precisely the branches from which a revival was expected, which would have strengthened the national currency. The increase of the interest rate did not achieve the expected results in the case of the nonprofitable or low-efficiency companies either, as they proved to be unable to pay the higher interest rates but still did not go bankrupt, continuing to produce at higher or lesser losses. The increase of the interest rate was not something to be recommended at all within the circumstances of an economy torn by a decades-long structural crisis. The restructuring of economy should have been stimulated rather than blocked by the loan and interest rate policy. This could have been achieved by applying strongly differentiated interests. Thus, investments should have been protected, including the building of blocks of apartments. The loans granted to this purpose, including their interest, could have been easily regained by selling the apartments to the population. Protection should have been granted, by a similar loan policy, to the light and food industry, generally to the small manufacturers, and especially those in agricultural production. To compensate for all this, very high interest rates could have been introduced in commercial activity, where under the circumstances of a very rapid circulation of goods, encompassing just 30 days, a 180-percent annual interest rate actually would represent merely 15 percent. This solution is still valid today.

High interest rates may be applied in economically highly developed countries, in which the companies own

large financial resources. However, under the circumstances of our country, in which the majority of the state-owned or private companies, even the efficient ones, do not have their own financial resources, high interest rates prevent them from resorting to bank loans. Considering that owing to a totally wrong policy, foreign capital cannot be attracted either, actually there is no source of funds. The lack of capital is the gravest current problem in the Romanian economy. Currently there is a genuine hunger for money, both lei and dollars, and, paradoxically enough from the economic point of view, at the same time there is also a general refraining from loans, due to the high interest rates.

On the other hand, the accelerated growth of inflation over the recent period makes it very difficult to maintain the current level of interest rates, as it would inevitably lead to the decapitalization of commercial companies and banks. The recent promise made by Prime Minister Vacaroiu and [National Bank] Governor Isarescu to reduce interest rates in the near future cannot be accomplished. As a matter of fact, in 1992 the governor of the National Bank also promised that by the end of that year he would reduce interest rates to 30 percent, but he did not keep his word.

The entire chain of errors and hesitations in the hard currency and exchange rate policy also contributed to the gradual depreciation of the leu's purchasing power. In the years 1990 and 1991 state-owned and private companies were left 50 percent of the hard currency made by them in exports. By the end of 1991, when the limited convertibility of the leu was introduced, they were left nothing of the hard currency they made, thus making it difficult for them to buy supplies from abroad, which implicitly hindered production. Six months later, more exactly in May 1992, the government went back on that decision, leaving the companies the whole amount of hard currency they earned from exports. This decision was not a well-pondered one either, because what followed was the National Bank's lack of hard currency, which created great problems for importers. This to and fro in the hard currency policy led to the companies' losing confidence in the National Bank so they began to place the hard currency they earned from exports in banks located abroad. The presumed amount of about $800 million existing in foreign banks is also generating inflation, as the lei spent for the manufacturing of those goods never returned to the economic circuit of our country.

Both the previous taking and the leaving, as of May 1992, of the entire amount of hard currency made by companies from their exports contributed to the weakening of our economy and national currency.

The fact that companies have to come up with the entire amount of hard currency in case of imports continues to cause great problems, especially to companies which are big energy, fuel, raw materials, and equipment consumers, the products of which, however, are not intended for exportation. The negative consequences of these measures upon our economy are as grave as those caused by the state's taking all the hard currency obtained from exports.

A significant part of the country's hard currency assets—which are quite limited anyhow—was wasted by the companies which had to buy their dollars in auctions. The auctions were also participated in by companies that had debts in lei to be paid to banks, the state budget, or their suppliers. Should the participation in dollar auctions of indebted companies be prohibited by law? There is no way in which such regulations could really be observed, as hard currency requests for imports intended to be used to produce export products ought to be exempted. This means that the companies will continue to buy hard currency for speculation purposes, which has negative consequences upon the leu.

The superficial way and the haste with which they introduced the limited convertibility of the leu (we would have needed at least $3 billion in assets, whereas all we had at that time was $400 million) contributed to the gravest devaluation of the leu in its entire history, that is from 180 to 400 lei to the dollar within just a few months in 1992. Ever since then the leu has continued to devaluate steadily at a rate corresponding to the accelerated growth of inflation. Actually, this was the beginning of the end.

The use of the foreign loans worth about $4 billion to cover immediate consumption needs (raw materials, energy, fuel, and food), rather than to enhance production or make investments, also promoted inflation. This happened because the loans were spent without making it possible for the leu to recover. Besides this, owing to the progressive devaluation of the leu, now we have to make eight or nine times bigger efforts to pay those loans back. This additional effort will aggravate inflation in a catastrophic way. Not having appropriate hard currency assets or other resources, the National Bank will see itself compelled to buy dollars in auctions offering 1,600 lei for the dollar, so that it can pay back the foreign loans obtained over 1990-1991, when the dollar was worth less than 200 lei.

Well before the revolution, but in a more accentuated way following that moment, there were and still are a number of factors that acted as a burden on our national currency, all of them being caused by a totally wrong economic policy.

A simplistic assessment might lead to the conclusion that to curb inflation it would suffice if a significant part of the gross industrial product would be earmarked for the market, that is to attract the monetary mass currently in circulation. However, the truth is that over many years in Romania the part of the gross industrial product that is able to attract the monetary mass has had a very reduced weight. In the case of a large number of domestic products, such as clothes, shoes, radio sets, cigarettes, cosmetics, sweets, sodas, canned food, and so

on, their poor quality and high prices make them difficult to sell, as the consumers prefer the imported products. Even in the case of products the quality of which is acceptable (furniture, automobiles, tractors, color television sets, and so on), their exorbitant prices make them inaccessible to the majority of the population. Certain producers' tendencies to export their products, more exactly their hunger for dollars (for instance in the case of automobiles, tractors, refrigerators, and so on) also prevents the absorption of the cash available on our market.

Similarly negative consequences may be seen owing to the very poor quality of the services offered to the population in a great number of localities of the country. Let alone the enormous price requested for certain services (heating, electric power, and so on), services that account for the largest part of the total spending of the population in the entire world, which prohibits the purchase of other merchandise, thus gravely aggravating inflation. If citizens have to spend half of their earnings on food and the other half on heating, electricity, transportation, and other services, they are left no money to spend on nonedible merchandise, which thus remains unsold and accentuates inflation.

Pressure is exerted upon our monetary mass also by the freezing of the possibilities for the great majority of the population to rent or buy living quarters, while their savings hoarded for that purpose are continuously depreciating. Just by selling the 64,000 apartments that have been left unfinished [after December 1989], several billion lei could be absorbed from the savings of the population made for that purpose.

Izetbegovic, Ganic Discuss Absence From Talks

AU0206191394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 2 Jun 94

[Text] Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, and Ejup Ganic, vice president of the Federation of Bosnia-Herzegovina, this afternoon held a news conference on the reasons the Bosnia-Herzegovina delegation has not gone to the Geneva peace negotiations called by Yasushi Akashi. Here is a report by Mladen Bosnjak:

[Bosnjak] Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, stressed at the outset that he wanted to comment on two issues: the first being the failure of the Bosnia-Herzegovina delegation to go to Geneva, and the second in connection with Tuzla airport, following reports today that UNPROFOR [UN Protection Forces] allowed a (?Serbian) observer to be present at the airport. Here is Mr. Izetbegovic explaining why the delegation did not go to Geneva.

[Begin Izetbegovic recording] Our condition was that Karadzic's Serbs withdraw from Gorazde. They had not withdrawn by noon today. We established this fact after talks with our representatives in Gorazde. This was also confirmed by UNPROFOR and Mr. Akashi [words indistinct]. The meeting has therefore been canceled and we are not to be blamed for it.

We even made a concession in Gorazde by agreeing that our soldiers not enter the so-called exclusion zone—a zone of 3 km under UNPROFOR control—only our civilians may enter it. Since this has not been implemented thus far, we are withdrawing this concession and demand that Resolution 913 be fully implemented.

Regarding Tuzla airport, we were informed today that UNPROFOR, without our approval and knowledge, allowed the arrival of a Serbian liaison officer at Tuzla airport. We have stated in the past that we do not accept any Chetnik force presence or their representatives at this airport. Therefore, we demand that UNPROFOR remove the chetniks from Tuzla airport. If it does not care to do that, it should then gives us the airport back. [end recording]

[Bosnjak] Ejup Ganic, member of the Presidency, vice president of the Federation of Bosnia-Herzegovina, and the head of our delegation that was supposed to travel to Geneva, was also categorical. The peace negotiations have been canceled by Mr. Yasushi Akashi himself.

[Begin Ganic recording in English with passage-by-passage translation into Serbo-Croatian] Let me make a brief statement that we heard from Geneva that Mr. Akashi made an announcement that he is canceling the talks, because Karadzic's Serbs had not satisfied the condition that Mr. Akashi had set for (?these talks). [end recording]

[Bosnjak] The Bosnia-Herzegovina delegation will travel to Talloires for the talks convened by the contact group. The topic of these talks will be decided upon in association with members of the contact group. Kresimir Zubak, president of the Federation of Bosnia-Herzegovina, will travel to Talloires. He will not negotiate in Geneva either.

We will insist that the aggressor forces leave the Gorazde exclusion zone according to Resolution 913 and the NATO ultimatum. All civilians, including Serbs, who can prove that they used to live there may return to their homes in the Gorazde region. If the aggressor observer is not removed, we will demand that Tuzla airport be given back to us within a reasonable period of time, according to our agreement with UNPROFOR. These were short and clear answers by Mr. Izetbegovic to journalists' questions.

Mr. Izetbegovic briefly said, in answer to the last question at today's news conference posed by a Swiss journalist, namely, what the reasons were that our delegation did not go to the peace talks:

[Begin Izetbegovic recording] You have probably not understood that it was Akashi who canceled the meeting, having established that the Serbian side did not meet its obligations. This was not our fault. It is clear that this was not our fault. [end recording]

Silajdzic Explains Absence

AU0206141694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 2 Jun 94

[Text] As is known, negotiations on the cease-fire with the aggressor [word indistinct] called by Yasushi Akashi were supposed to be held in Geneva today. Our delegation has not gone to Geneva. The reasons are explained by Prime Minister Haris Silajdzic:

[Begin Silajdzic recording] Considering [words indistinct] on the withdrawal of the Serbian aggressor soldiers from the 3 km zone in Gorazde has not been accomplished, we are still not going to Geneva to discuss the cease-fire. However, the peace talks that began in Talloires will continue on Saturday [4 June], the day after tomorrow. Regarding the negotiations that are continuing in Talloires, [words indistinct] but the negotiations on the cease-fire still cannot be held because [words indistinct] withdrawal from Gorazde [words indistinct].

Delegation Departs for Geneva

AU0306093694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 3 Jun 94

[Text] The Bosnia-Herzegovina delegation, led by Ejup Ganic, member of the Bosnia-Herzegovina Presidency and vice president of the Bosnia-Herzegovina Federation, departed for Geneva this morning to continue the peace negotiations started in Talloires, France. The Bosnia-Herzegovina delegation will be completed in Geneva and will resume the talks with the contact group to find a [word indistinct] for a peaceful solution to the Bosnia-Herzegovina crisis.

Krajisnik: Geneva Peace Talks Set for 4-5 Jun

AU0306145794 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 3 Jun 94

[Text] The negotiations on a cease-fire in the former Bosnia-Herzegovina will be held at the French mission in Geneva on Saturday and Sunday [4 and 5 June]. This was stated for SRNA by Momcilo Krajisnik, chairman of the People's Assembly of the Serbian Republic [of Bosnia-Herzegovina]. As he said, he received this piece of information from Nikiforov, the Russian member of the contact group for the former Yugoslavia.

Yasushi Akashi, special UN envoy for the former Yugoslavia, who held talks with the delegation of the Serbian Republic, is trying to persuade all the warring sides to take part in the continuation of the peace talks, Momcilo Krajisnik said. He stressed that the Muslim delegation is abusing the problem of Gorazde for the umpteenth time in order to obstruct peace in the former Bosnia-Herzegovina.

The representatives of the Serbian Republic should hold informal talks in Geneva with Charles Redman, U.S. envoy for the former Yugoslavia.

UN Commander: Serbian Forces Still in Gorazde

AU0306083094 Paris AFP in English 0755 GMT 3 Jun 94

[Excerpt] Geneva, June 3 (AFP)—Bosnian Serb forces remained within an UN-ordered exclusion zone around Gorazde Friday, blocking the resumption of truce talks here, the commander of UN forces in former Yugoslavia, General Bertrand de Lapresle, said. There were still "barely a few dozen in three pockets in the exclusion zone," he said.

UN officials have called for a meeting here with Bosnian Serb leader Radovan Karadzic to discuss the presence of around 150 Serb forces in Gorazde. The Bosnian Government has demanded their complete withdrawal in compliance with an April 22 ultimatum as a condition for their attending the talks, called to arrange an overall ceasefire throughout Bosnia-Herzegovina. Late Thursday a UN military spokesman said the Serbs had made no move to withdraw from the exclusion zone, contradicting an announcement by UN special envoy Yasushi Akashi that they had begun their pullout.

"There is no evidence at all that the Serbs are withdrawing," UN Protection Force spokesman Dacre Holloway said in Sarajevo. "Our information is that the situation is exactly the same," he said, charging that the armed Serb forces had merely donned civilian clothes and were pretending to be refugees while continuing to carry guns.

Negotiations due to have opened Thursday were postponed when it became clear that despite pledges from Karadzic that they would retreat the Bosnian Serb units had remained in place. Akashi on Thursday evening said the Serb forces had launched their withdrawal. "I have received positive news," he told AFP. "They have started their evacuation, but there are still some places where they have not moved."

Akashi's spokesman, Michael Williams, later added that about 100 policemen had left the exclusion zone before nightfall. The reports were flatly contradicted by Major Holloway in Sarajevo. "The police and militia are wearing civilian clothes," he said. "But they are still carrying guns. They took their police uniforms off and claim to be refugees."

Sarajevo Radio: Serbs Only Changing Uniforms

AU0306105994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 3 Jun 94

[Report by Fahrudin Bekcic from Gorazde]

[Excerpt] Instead of withdrawing from the 3-km zone, as the UN Security Council Resolution No. 913 and the NATO ultimatum dictate, the chetniks around Gorazde have been changing their uniforms. First they were soldiers, then the civilian police, and now they are armed civilians. In the next stage one can expect that they will strip to the waist.

On 3 June at 1100 they occupied the same positions they have occupied for the last 40 days. The issue of the right bank is obscuring the fact that the chetniks have not withdrawn from the 3-km zone on the left bank either. Thus, there is still a chetnik stronghold in Sjenokos which is 2.5 km from the town center. Last night and this morning frequent infantry provocations were exhibited from these positions. The defense lines in the northwest of the battlefield, on the free territory of Rogatica Commune, have been attacked by artillery since yesterday afternoon. It is the Muslim part of the village of (?Vrazovice) that has been targeted. Needless to say, the projectiles have been fired from within the 20-km exclusion zone. [passage omitted]

Spokesman: Serbs Begin Withdrawal From Gorazde

LD0306121194 Belgrade TANJUG in English 1132 GMT 3 Jun 94

["Pool" item]

[Text] Geneva, June 3 (TANJUG)—The spokesman of the special U.N. envoy Yasushi Akashi, Micheal Williams, said Friday [3 June], quoting a telephone conversation with Gorazde, that the withdrawal of the Serb forces from the three kilometer exclusion zone around Gorazde, eastern Bosnia-Herzegovina, had started but that it was still not satisfactory. Williams told a press conference that cease-fire talks would not go ahead until the last element of the Serb militia, army and the last armed civilian of Serb nationality leaves the three-kilometer exclusion zone around Gorazde. He also said that the latest situation in the region was presently being discussed by UNPROFOR commanders for

former Yugoslavia General Bertrand de Lapresle and for Bosnia-Herzegovina General Michael Rose with the officials of the Bosnian Serb Republic President Radovan Karadzic and bosnian Army Commander Ratko Mladic.

Williams told the press that two formations of Canadian blue helmets were dispatched from Sarajevo to Gorazde Friday morning as reinforcements to ensure that the demands for the Serbs withdrawal from the three-kilometer diameter are being complied with. According to Williams, the premier of the Muslim-Croat federation and head of the Muslim delegation Haris Silajdzic was currently in Paris. He did not specify if he was there for consultations. The vice-president of the Muslim-Croat federation Ejup Ganic, and the delegation accompanying him, is on his way to Zagreb and is due to reach Geneva Friday evening.

The Muslim delegation conditions its participation in the cease-fire talks with the withdrawal of the Serb forces from around Gorazde. If the Serbs withdraw Akashi could reschedule the cease-fire talks for Friday evening or Saturday morning, Williams said. If the cease-fire talks start on Saturday, the meeting of the contact group on the territorial division of Bosnia-Herzegovina between the warring Muslims, Serbs and Croats, scheduled for Saturday, will be postponed by 24 hours.

The meeting of the contact group with the Bosnian warring sides was initially scheduled for June 6 and 7 in Talloires, France, but the French Foreign Ministry Thursday postponed the meeting to June 4 and 5 in the French Embassy in Geneva. It could now be further postponed by another 24 hours.

Serb Artillery Targets Mostar, UN Base Hit

LD0306132994 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 3 Jun 94

[Text] After a long period of truce, the Serbs launched another artillery attacks on Mostar. Ankica Posavljak has a report:

[Posavljak] The information center of Mostar reports that a general alert was sounded at 1259 in the town. We were informed by the Information and Political Service of the Croatian Defense Council for the Mostar operational area that 10 tank shells were fired from Serbian positions located at the foot of Mt. Velez. The Mostar suburbs of Cim, Orlovac, Ilici, and Zovnica in the western part of Mostar, which are under Croatian Defense Council control, were targeted.

A base of the Spanish UNPROFOR [UN Protection Force] battalion in Mostar was also hit and several vehicles were damaged. There have been no reports of casualties, but considerable material damage has been caused.

NATO Planes Overfly Town To Stop Serbian Raid

AU0206124194 Paris AFP in English 1219 GMT 2 Jun 94

[Text] Sarajevo, June 2 (AFP)—Bosnian Serbs shelled a British UN base in central Bosnia-Herzegovina Wednesday [1 June] but stopped their attack after NATO planes swooped down, a UN military spokesman said Thursday [2 June]. The "close air support" was called in by the local UN commander, said Major Rob Annink for the UN Protection Force (UNPROFOR). He said the Serbs fired seven rounds within five minutes Wednesday afternoon near the UN British base in the central town of Bugojno. One of the shells came down inside the base but caused only material damage.

The Serbs fired six more shells and two rockets into the town Wednesday evening after the UNPROFOR command had sent a protest letter to the Bosnian Serb headquarters and evacuated all non-essential UN personnel—220 people—to the town of Gornji Vakuf, 15 kilometers (nine miles) away.

The UN commander in Bugojno requested close air support from the UNPROFOR commander for ex-Yugoslavia General Bertrand de Lapresle and special UN envoy Yasushi Akashi, Annink said. He said De Lapresle and Akashi authorized the flights at 8:50 P.M. (1850 GMT), while the Serb attacks were still under way. Shortly before that, UNPROFOR Chief-of-Staff in Bosnia General Adrian Van Baal called his Serb counterpart, General Manojlo Milovanovic, "discussing with him the possibility of close air support," Annink said. The UN planes were in the air over Bugojno and saw the tanks but did not use force because "they were not sure these were the tanks that were firing into the town," the spokesman said. But the attacks stopped a short time later, with Milovanovic confirming the shelling was over in a second telehphone call to Van Baal.

It was the second time in a week that the threat of close air support prompted an end to a Serb attack on UNPROFOR facilities. The other incident happened Tuesday [31 May] in the northern town of Tuzla, a UN safe area, when the local UN commander asked for close air support after Serbs shelled the Tuzla air base. The flights were not authorized in that case because the Serb shelling stopped after a phone conversation between Van Baal and Bosnian Serb leader Radovan Karadzic. Annink said the two incidents showed "that close air support is a good means of deterrence of attacks."

Serbs Release UNPROFOR Official

AU0206124894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1200 GMT 2 Jun 94

[Excerpts] UN Protection Force [UNPROFOR] official Andrea Angeli, who was arrested a few days ago at the aggressor's checkpoint on Kasindol Street, between the Sarajevo airport and the town center, was released from

the aggressor's barracks in Lukavica shortly before midnight last night. The remaining four detainees continue to be imprisoned in the barracks, it was reported today. [passage omitted]

We will continue to negotiate for their release, Major Rob Annink said today, and added that UNPROFOR does not know why the Serbian aggressor detained these four people or what he had accused them of.

Serbian Attacks on Gracanica Intensify

AU0306090394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 3 Jun 94

[Report by Hasan Galic from Gracanica]

[Text] In the course of the night and early this morning the Chetniks have continued attacking in the zone of responsibility of the Gracanica Operative Group [words indistinct] 109th Doboj Brigade. The infantry attacks were accompanied by the shelling of our defense lines and suburban settlements (?Glokotici), (?Prisic), Lukavica, and (Lukavica-Rijeka). The chetniks were particularly active between 2000 and 2200 hours when over 200 projectiles of various calibers landed on our lines and the aforementioned civilian settlements. This was followed by a ferocious infantry attack. By resisting successfully this attack, our fighters have liquidated a great number of Chetniks, who were left between the lines and are still lying there, which says enough about the enemy's attitude toward their dead soldiers.

The late night saw a concentration of the Serbian forces and sporadic shelling. However, as of 0400 this morning the attacks have intensified.

The aim of these enemy attacks is to gain control over important elevations (?Pribevine), Oblic, and Banjic in order to widen the security ring around Doboj. As of 0900 a general alarm has been in force in Gracanica.

Serbs: New Forces, Weapons Delivered To Tuzla

AU0206151194 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 2 Jun 94

[Report by Vlado Trisic]

[Text] The information collected today by the Serbian intelligence circles in Bijeljina are the best proof of the fact that the joint state of the Muslims and Croats had been created with the clear aim of becoming a coalition bloc for countering the Serbs. According to these reliable military sources, there are nearly 50,000 soldiers in Tuzla at the moment, with new forces coming every day from the former Croat-Muslim front and from abroad.

It is known for sure, one is told in Bijeljina today, that Zagreb airport and the Split port are the main points for disembarking arms, military equipment, and volunteers from Muslim countries who are then, it is claimed, immediately sent to Tuzla, regardless of the complaints by Croats from some Croatian cantons.

According to what is said in the east Bosnian corps press center today, artillery pieces and ammunition has been disembarked from three ships in the Split port last week and seven NATO cargo aircraft landed on Zagreb airport. The disembarkation was closely followed by the regular Army of the Republic of Croatia and representatives of the Army of Bosnia-Herzegovina. Convoys that included UNPROFOR vehicles immediately set off toward Tuzla.

Apart from this sea port and airport, the Tuzla Dubrave airport has also been used for deliveries of military equipment recently, despite constant protests by the Serbian side that the airport should exclusively be used for humanitarian purposes and with Serbian representatives being present. However, all the demands made so far have simply been ignored by the international forces who are often using this facility for provocative purposes.

According to the announcement the east Bosnian corps of the army of the republic of Srpska issued today, all this that has recently been happening in the Tuzla region shows that peace is still far away in these territories and that the situation on the Majevica and Brcko battlefields has been nearing the boiling point.

Serbs Say Muslims 'Heavily Defeated' in North

LD0306102694 Belgrade TANJUG Domestic Service in Serbo-Croatian 0932 GMT 3 Jun 94

[Excerpt] Doboj, 3 Jun (TANJUG)—After several days of fighting on the Ozren-Vozuca front, the fiercest of which took place yesterday, forces of the so-called Bosnia-Herzegovina army have been heavily defeated. Attacking from three directions in the Vosuca area, the Muslims attempted to take control of the Zavidovici-Banovici road, which passes through Vozuca, and in this way link the Zenica and Tuzla regions. Their attacks were repulsed by the defenders of Ozren and Vozuca, and the enemy suffered heavy losses. [passage omitted]

Muslim Infighting Continues in Western Region

LD0306115694 Belgrade TANJUG in English 1059 GMT 3 Jun 94

["Pool" item]

[Text] Petrovac, June 3 (TANJUG)—A member of the forces of the autonomous province of western Bosnia was killed Thursday [2 June] in attacks by forces loyal to Bosnian Muslim leader Alija Izetbegovic, local Muslim media reported. According to Radio Velkaton in Velika Kladusa, the capital of the province, the heaviest fighting was reported in the Liskovac region and the forces of the autonomous province tried to prevent Izetbegovic's forces from penetrating their defense lines.

The same source says that Izetbegovic forces continued with heavy shelling of Pecigrad. Muslims in the western part of the former republic of Bosnia-Herzegovina

declared their autonomy last September standing up against the war-mongering policy of Izetbegovic and disassociating themselves from the decisions of the Muslim leadership in Sarajevo.

Since then, Western Bosnia-Herzegovina has been the scene of fierce intra-Muslim clashes, where Izetbegovic has sent his troops against his countrymen instructing them to stifle the new autonomy 'with all available means'.

TANJUG: Muslim-Croat Federation 'Dead Letter'

LD0306125094 Belgrade TANJUG in English 1158 GMT 3 Jun 94

["Pool" item]

[Text] Belgrade, June 3 (TANJUG)—The first appearance on the international scene of the Muslim-Croat federation in the former Yugoslav republic of Bosnia-Herzegovina has proved it to be a dead letter. After the Geneva conference was put off on Thursday, even those world analysts who are in favour of the federation, now admit that it is only a temporary political alliance with the two sides differing in all interests but one—to fight the Bosnian Serbs. The Geneva peace conference, scheduled by special U.N. envoy to former Yugoslavia Yasushi Akashi, was cancelled because it was attended only by the delegations of the Bosnian Serbs, headed by their president Radovan Karadzic, and the Bosnian Croats, headed by the president of the Muslim-Croat Federation Kresimir Zubak.

The Bosnian Muslim delegation, headed by Prime Minister Haris Silajdzic, failed to appear. This has raised the question of who can the Bosnian Muslim-Croat federation be represented by if not by its own president. It is apparently being represented, both in Bosnia-Herzegovina and abroad, by each of its constituents respectively.

This leaves the Bosnian Serbs at a loss of who they should negotiate with in the peace process?—the Croats, Muslims or the Muslim-Croat federation's delegation.

The federation is practically being disregarded by its own constituents, which is evident from the fact that not even after its constituent assembly was held did any of its officials seek its international recognition. The Muslims and Croats are reluctant to do so because this would pave the way for an international recognition of the Bosnian Serb Republic too and bring into question Bosnia-Herzegovina's U.N. membership. They have complied with a sheer formality, deliberately evading to resolve one of the crucial issues—territorial delineation.

Western analysts already portray the federation as nothing but a farce. This has recently been confirmed by Hans Koschick of Germany, the administrator of Mostar, who was appalled at the extent of the hate between Mostar's Muslims and Croats. After a year of bitter war over territories, the Bosnian Muslims and Croats, acting under strong pressure from the United States, agreed in Washington on March 18 to set up a binational federation, which would form confederal ties with neighbouring Croatia.

Political analysts assess that the federation was aimed at isolating the Bosnian Serbs and at pressuring them into accepting a peace settlement tailored to the needs of the West.

Serbian Civic Council Proposes Assembly Debate

AU0306115494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 3 Jun 94

[Text] In a letter addressed to the chairman of the Bosnia-Herzegovina Assembly Miro Lazovic, the Serbian Civic Council proposed that the next session of the Bosnia-Herzegovina Assembly includes a debate about the strategy toward the Serbian question and the constitutional position of the citizens of Serbian ethnicity on the territory of the Bosnia-Herzegovina Federation.

The Serbian Civic Council proposes that the amendment to the constitution of the federation that was proposed at the last session of the Bosnia-Herzegovina Assembly forms the basis for the debate at the next session of the Bosnia-Herzegovina Assembly. The Serbian Civic Council believes that Legislation Minister Kasim Trnka, one of the authors of the Constitution of the Bosnia-Herzegovina Federation, and one representative of the Serbian Civic Council should speak about the position of the Serbs within the federation. It would be imperative to obtain the views and opinions of the constitutional commission of the Bosnia-Herzegovina Assembly and Government prior to the assembly session, is stated in a letter of the Serbian Civic Council to Miro Lazovic.

Tudjman Views State of Nation 26 May

AU0206192794 Zagreb VJESNIK in Serbo-Croatian 28-30 May 94 pp 2-5

[Interview with Croatian President Franjo Tudjman by "the editors in chief of the Croatian press and HINA" at the Presidential Palace in Zagreb on 26 May, 1994: "'The World Also Needs a Stable Croatia'"]

[Text] On Thursday, the president of the Republic of Croatia, Franjo Tudjman, received the editors in chief of the Croatian press and HINA [Croatian News Agency] at the Presidential Palace.

On the occasion of Statehood Day, in a meeting which lasted for two hours, the president answered questions about most topical events regarding domestic and foreign politics of Croatia.

This (Unauthorized) interview with the president of the Republic of Croatia is published by VJESNIK in its entirety.

[Vladimir Vazdar, GLAS SLAVONIJE] Allow me to ask you the first question on behalf of my colleagues with regard to the upcoming holiday, Statehood Day.

Which events of the past four years would you say were crucial and confirmed the independence of Croatia, and which situation or event has threatened it most?

[Tudjman] In my opinion—and I probably do have something to do with what you ask me—the First Assembly of the HDZ [Croatian Democratic Community] was one of the most critical moments.

Why? Because at that point, I began implementing the program of fighting for the establishment of an independent, sovereign, and democratic Croatia at the time when not only the ruling party, the League of Communists, but also all other opposition parties—as you well know—considered the program dangerous, and when there was the danger that all those gathered around it would be arrested, not only myself, but all those around me. I think this was one of the most crucial moments. I thought we would not be arrested due to the situation in Croatia and abroad at the time and that it would be a decisive step in awakening the Croatian public to the program of gaining independence for Croatia.

Therefore, this was one of the most crucial dates in fighting for an independent, democratic Croatia. Of course, later on, we had to defend, preserve the established, declared independence of Croatia from the aggression of the Yugo-Communist army, Serbia, and Montenegro. May I remind you, ladies and gentlemen, that in 1991, both the domestic and international situations were adverse to an independent and sovereign Croatia.

25 September, 1991

Let me just remind you about two facts: On 25 September, 1991, at the height of the rebellion of the Serbs in Croatia organized by the Yugo-Communist army and at the time when the Yugo-Communist army was on the offensive to overthrow Croatian authorities, not only to conquer Croatian territory in its entirety or achieve the minimalist program of Virovitica-Karlovac-Karlobag, but also to overthrow the Croatian authorities—on 25 September, 1991, the UN Security Council adopted the resolution and imposed an arms embargo on Croatia, which was defending itself.

Naturally, the international factors that initiated the resolution knew Croatia was unarmed, and that the Yugo-Communist army, Serbia, and Montenegro had enough weapons for years of warfare. This resolution was imposed regardless of that, on 25 September, and on 7 October the long-planned shelling of the Parliament Building, Presidential Palace took place, with the aim of making Croatia leaderless.

Therefore, those were critical days in fighting for the establishment of the sovereign and democratic Croatia. After we survived—and may I remind you that some consuls general left Zagreb the day the parliament building was bombed, therefore they knew what would happen. [sentence as published] You have probably seen the fragments of shells and missiles, where they were made, which symbolizes the circumstances and conditions in which Croatia was being created.

After that—to the surprise of many in the world and causing the astonishment of many at the fact that we survived—the process of recognition began, and the real and formal recognition happened, as you know, at the beginning of 1992, and final recognition, in the real sense of the word, was achieved through the Washington agreement.

[Hloverka Novak-Srzic] Some, for example, say that the Croatian state has not yet been fully formed, for there are still international forces that harbor thoughts of various new unions. What do you think about that?

[Tudjman] I think this is a good question, based on facts. Some forces could not reconcile themselves to the fact that there was no more Yugoslavia, especially not to the creation of independent Croatia.

However, those forces are now marginal. Today, Croatia is recognized not only internationally and formally, its recognition is genuine, and today Croatia has friends and allies, from the United States, as the main superpower, which talks only about partnership with Croatia in all fields, to the most-populated superpower on the other end of the world, China; it has very good relations with most countries of the European Union; it has established good relations with Islamic countries as well, therefore, such intentions have no prospects at present, they have no realistic foundation for the realization of their plans, but they do exist.

Intricate Circumstances

We must remember, however, that this world, Europe in the European Union, the main countries of the European Union, are not consistent with regard to the problem of former Yugoslavia in general, and therefore also with regard to Croatia, and then there are, of course, differences between European countries and the United States and Russia. Consequently, those circumstances are very intricate, but Croatia is, for the first time in its history, in a much better international position.

[Josip Jovic] The reputation of Croatia is improving, it is even gaining a certain economic stability; at the same time, we can even afford a political luxury: We are causing problems for ourselves, there are political conflicts, a parliamentary crisis, the disbanding of parliament is imminent, some say it will definitely happen. People wonder who [Stipe] Mesic and [Josip] Manolic [deputies who recently split from the HDZ] really are, and what they want. People do not understand that.

[Tudjman] Your question contains part of the answer: In these circumstances, we could really do without internal problems, the parliamentary and constitutional crisis; quite the contrary, we must remember that we need a stable Croatia. We needed, Croatia needed allies, it got them because of its democratic system, but international factors and our friends and allies also need a stable Croatia.

Therefore, the question of what Mesic and Manolic want and why is understandable. This is a problem that one could speculate about—who needs to destabilize Croatia considering those circumstances—and with regard to domestic politics, it is certain that Manolic and Mesic belonged to the so called left-wing of the HDZ. However, as we could see from many statements, particularly from those of Mr. Manolic, he never approached the central position of the HDZ from his communist positions, even positions of the service in which he spent most of his active political life. Differences exist in every party, and especially in the HDZ, which wanted to reconcile the divided Croats, and the sons of the Domobrani [Croatian wartime militia] and, globally speaking, the Ustashas extended their hands to Communists and partisans. Mr. Manolic has obviously not accepted that hand, but has even made statements, together with Boljkovac in particular, that those people who were born out of national ideas were pro-fascists, pro-Ustashas.

Manolic himself said—I think he even connected it to the Washington agreement—that this presents the final defeat of forces in the Croatian nation that were defeated already in 1945. Consequently, this statement epitomizes the essence of a lack of understanding of the position of the Croatian nation and of the fact that we managed to establish Croatia because we formed such a movement that united the divided Croatianness, and that the Ustasha forces that headed the NDH [Independent State of Croatia] were defeated in 1945 for they tied their destiny to the fascist Italy and Nazi Germany and had pro-fascist politics that must be condemned. But we must never forget that hundreds of thousands of Croats were at Bleiburg, that those were not Ustashas, i.e. that there were least Ustashas among them, but that those were people from all parts of Croatia whose families were connected with the NDH as a Croatian state and not fascism, Nazism, and so forth.

Manolic Could Not Understand

This is what he could not understand and he did not realize that most Croats wanted their own country at that time as well, nor the fact that the anti-fascist movement was stronger in Croatia than in other, not only former-Yugoslav country, but, ladies and gentlemen, we could even say that it was relatively the strongest in Europe, that this, again, stemmed from their yearning—not from the communist orientation of the Croats for the idea of communism as such, but because the Communist Party fronted by Tito also had a program for Croatia as a federal state.

Therefore, this is a problem I talked much about and found proof of in historical facts, coming into conflict with greater-Serbian views long ago, not only with regard to Jasenovac and other cases. Furthermore, the program of creating a party-democratic program in Croatia, in developing Croatia, that I presented to the people they accepted in its entirety, which means Manolic and Mesic, as well as some of their followers, have not got used to that idea and that is why they dropped out. But, their dropping-out did not come as a surprise, especially considering the circumstances at the time when we were creating the HDZ and Croatia.

I think I have already mentioned this; nothing is new in history, and out of 12 apostles of Christ, one was a traitor, another failed him, and others, all but one, did not follow him on the Way of the Cross. All parties in the world, since their establishment, even in Croatia, were divided, and in the last century, Starcevic's Party of Rights was divided into pure right-wingers and Starcevic's right-wingers; the National Party was also divided, from an independent party to that of Radic and turncoats, and so forth. So turncoats—Mesic, Manolic—are no surprise in this group; they are a normal phenomenon in the transformation of the HDZ as a party that got the majority vote—which in the beginning, was characterized as an all-national, democratic movement—into a party, as we said at the Second Assembly, an all-Croatian, national party, not a narrow Christian-Democratic party, but a national party that bases its program activities on principles of Christian civilization, as we wrote and as I said at the Assembly. And that term is broad enough.

Generally speaking, people have realized that, and I can tell you—among hundreds of letters of support I received from people, not only HDZ members, but also from ordinary citizens, ordinary citizens of all professions and all ages, from young people to college professors—only one was negative. And I must admit it was a politically

constructive letter. He told me he agreed with Manolic's decision to leave the HDZ. Why? Because the letter said he could not accept the program, decisions, and the HDZ leadership from the Second HDZ Assembly, because he could not accept the kuna as the Croatian currency, and because he could not accept a ditty like "God Save Croatia" as the hymn of the HDZ!

Therefore, this is the essence of Manolic's ideas and his followers.

Dragging Away Renegades

I said less than 1 percent of party members would follow them as far as the party is concerned, and they have obviously failed to cause a rift in the parliament; rather by dragging away renegades, 10 deputies, the HDZ maintained its majority in both chambers.

And, ladies and gentlemen, let me tell you something—stratification is good for every party, such stratification and turmoil are present everywhere and sometimes even amount to rifts. In the HDZ, therefore, there was no rift. It is good that parties are given shape, become stabilized, in this or that manner. However, it is good for Croatia to have a majority party in the parliament.

I claim the following: It would be easier for me, as the president of the country, not to be linked to any party. If I wanted to run for president at the next elections as well, my reputation is probably so good that my party affiliation would play no role in that. But the party I founded, to which I contributed its program and together with which I contributed to creating an independent and democratic Croatia, needs my party affiliation. As a historian, not only as the state leader of Croatia, I can say that if it had not been for such a majority party, we would not have had an independent Croatia; nor would we manage to establish it and defend it; nor would I be able to make decisions as we did in the times about which you partly spoke in your questions and in which we are still struggling.

Take other countries, from the Baltic countries to Poland, Slovenia, and Bulgaria, and you will see that the Communists have either regained power, or there are problematic coalitions that cannot make good political or economic decisions. Even the most serious economic experts from abroad, neutral to us, have said—you have managed what you did in the field of domestic and foreign politics and economy because you had leadership, because you knew what you wanted, because the government could also rely on the majority.

Consequently, it is good that the parliamentary crisis caused by Manolic's and Mesic's defection preserved the situation in the Croatian Parliament, that the majority party is the party that won an overwhelming majority at the latest elections, that it is still in the majority, for Croatia's sake.

[Nenad Miculinic] Mr. President, as we speak, the parliamentary crisis is being aggravated. Last week, in Makarska, you said you were prepared, if there is no agreement between the HDZ and the opposition, to disband the parliament and address the Croatian nation.

Are you still prepared to do that, if no agreement is reached? Will you, then, disband the parliament and schedule early elections? Or, do you think it is possible to overcome the parliamentary crisis on the model that has lately been presented by the HDZ, so that the party that got the majority in the parliament, but that got about one-third of votes at the last elections, rules and does not even want to hear those representing other opinions, of parties that got the trust of the greater part of that same electoral body?

[Tudjman] First of all, there are a few things that are not true in your question. It is not true that the parliamentary crisis is getting worse. We have already overcome the parliamentary crisis. For, Manolic and Mesic, even those from the opposition who wanted to provoke parliamentary and constitutional crisis, have not managed to do that, but, as I said, the majority party has preserved the position that allows it to make decisions and secure the stability of both the parliamentary and executive authorities. And the second part of your question reflects, my dear sir, either your ignorance about the essence of parliamentary democracy or insufficient political education, or good intentions. What does it mean that the HDZ got one-third of the electoral body? How many people go to elections in the United States? About 50 percent or less, and the president is elected with 50 percent of those 50 percent of people who voted.... Do any Americans raise the question of the president being elected by only 25 percent of the electoral body? Only ignorant people and petty politicians raise that question in Croatia, those who have not yet accepted the reality; that Croatia became an independent, democratic, sovereign country and that the HDZ achieved that, together with people, and won the majority vote of the electorate that went to the polls, and the majority of the HDZ cannot be linked to those who voted both for the red and for the black [sentence as published]. That is not unity, the majority are those who voted, who gave their votes to one party.

Therefore, as I said, your question either reflects one of the above—ignorance about the essence of parliamentary democracy, poor political culture, or a lack of good intentions—or all of the above.

[Nenad Miculinic] No, it does not reflect any of that. The fact is, when we look at the results of the elections, the HDZ is....

[Tudjman] You got the answer to your question. Let us proceed.

[Vladimir Vazdar] Allow me to ask you, can you comment on the contribution of Slavonia and the Slavonians in gaining independence and creating the democratic system of Croatia?

[Tudjman] Slavonia, particularly eastern Slavonia, is the one that suffered the first blow and that the Yugo-Communist army, i.e. Serbia too, wanted not only to conquer, but also to rob at all costs, and it was exposed to total ethnic cleansing. Slavonia gave an extraordinary contribution—which is difficult to estimate at present—to the preservation of the entire Croatia, to the fact that they did not succeed, in spite of the fact that they concentrated all their tank forces there, that they did not manage to conquer Vinkovci and Osijek; that speaks about the contribution of Slavonia, about the spirit of the Croatian nation in Slavonia, about our defensive war.

And, of course, the conclusion of that patriotic war, fighting for the liberation of eastern Slavonia will probably be the most difficult one, but there is no doubt in my mind that the Croats in Slavonia will then display both their maturity and readiness to do everything to integrate those parts, if possible without more casualties, with the help of the international community, but as I said, if necessary, also by using all available means.

[Vladimir Vazdar] With regard to that, let me mention hundreds of thousands of refugees and the fact that the key task of UNPROFOR [UN Protection Forces] in temporarily occupied areas has not been fulfilled. And this is still the reality preventing Croatia from assuming authority over its entire territory.

You have recently announced that the UNPROFOR mandate will not be extended. Do you hope the problem will be solved during the present mandate, or do you see another solution?

[Tudjman] You see, those Croatian areas under UN protection, which are actually occupied by the Serbs, also enable us to monitor the position of Croatia and international relations.

We should not turn a blind eye to the fact that the international community not only tolerated the aggression of the Yugo-Communist army and Serbia on Croatia, but that is was also, as I said, indifferent as to what would happen—they simply thought Croatia was the main culprit for the collapse of Yugoslavia. Although, as far as the HDZ and myself are concerned, I have never said what Mesic wrote in his political wisdom "How I Was Breaking Yugoslavia." I knew that former Yugoslavia was a reality in the international system and that the international community was not inclined to doing away with that system, knowing what might result if it did.

If We Could Have Had Confederation...

Therefore, my politics at that time proposed to solve the Yugoslav crisis by transforming federal Yugoslavia into a confederation. Consequently, my confederation proposal stemmed from my respect for international circumstances but, ladies and gentlemen, also from my desire for a sovereign Croatia, without losing lives. For, if we could have formed a confederation, realize full sovereignty within a conferral union, without losing lives, then it would also accomplish the realization of Croatian, national, and democratic goals, for we could have made decisions about the future from the viewpoint of a confederation.

Consequently, when speaking about the problem of UNPA [UN Protected Area] zones, we must remember all those historic events from the disintegration of Yugoslavia, even remember that many international factors were and still are not completely inclined toward us.

But we have succeeded, we got the support of international factors; we have allies and the support of the main super power. We managed to get UN Security Council resolutions that guarantee our territorial integrity. And with regard to everything Serbia went through with sanctions, the hopelessness of its imperialistic politics to create a greater Serbia at the expense of Croatian territory, there is, I think, a 50:50 chance of beginning the process of normalization on the basis of the signed agreement on normalization. Again, we signed the agreement also because we were obliged to do so, from the Vance plan and the European Community, etc., because it was recommended to us by the latest Juppe-Kinkel proposal on a modus vivendi, for the proposal actually reverses my peace proposal; it obliges us to accept a political solution.

Therefore, we shall try to realize that normalization to which the representatives of Yugoslav and Serbian government and Milosevic have agreed personally by signing the agreement at the negotiating table in Geneva, not only in bilateral talks, but also at the negotiating table. They agreed to that, to have full normalization. Furthermore, we witnessed Belgrade arranging the elections in Krajina, around Hadzic, Martic, etc., and they even announced that Martic was elected to head the process of normalization, and now we witness Martic and Mikelic continuing to exacerbate the situation.

Simply Tactical Exacerbation?

It remains to be seen whether that exacerbation will last or whether it is just tactical, connected with the situation in Bosnia. During talks on extending the current UNPROFOR mandate, we demanded the implementation of Resolution No. 769 on controlling borders between Croatia and Serbia, and Croatia and Bosnia-Herzegovina, the part of Bosnia-Herzegovina controlled by the Serbs. We were then told by our friends that the UN did not have enough forces to secure the borders at that time, but that they understood our proposals, that our demands were justified, and that they would be considered.

We will, therefore, do our best to see whether or not they want normalization. If they do not want it, we will take our demand to the United Nations and take other steps; the mandate will no longer be extended. You know that Foreign Minister Simic came to Zagreb and that our foreign minister was also supposed to visit Belgrade, but

we said that would only happen after the road toward Belgrade is opened, i.e. the highway via Okucani, and when telephone communications are restored. They did not satisfy our demands and as long as they do not do that, until they really start the process of normalization, we will have to maintain an unbending attitude, because today we have 250,000 refugees and we can no longer postpone solving their problem—and we understand their personal and family problems, but there is also the problem of Croatian integrity, infrastructure, economic integrity, as well as integrity in terms of politics and security.

Anyhow, the world does not accept that the Serbs in Croatia have the right to self-determination, regardless of the fact that this demand of theirs is reiterated by not only their politicians, but also prominent intellectuals. The Serbs are a minority in Croatia, they are guaranteed all the rights of an ethnic community and we are prepared to give them territorial self-government in districts—two districts where they had a majority before the war—cultural autonomy throughout Croatia, we are prepared to make many concessions also partly as a result of their spreading rumors about the continuation of the NDH, etc. We are also willing to implement our Constitutional Law, the civic and ethnic rights of the Serbs, and have the implementation supervised by interested international factors, but with regard to that, let me tell you, as you are public persons who mold public opinion, in discussing the position of the Serbs in Croatia, people still mention the NDH in connection with those horrible figures that say at least 600,000 or 700,000 Serbs were killed in Jasenovac. And the number of all casualties of all nationalities during World War II is less than that....

Already in the 1950's, i.e. while I was in Belgrade, I objected to those lies and deceptions. Make an effort, take it to the press, to all the media, that there were not so many people killed in World War II in all of Yugoslavia; all partisans, Chetniks, Ustashas, Domobrans, in Jasenovac, in Bleiburg, and so forth, included.

Deceit as "Argument"

Demographic loss is a different matter, I am talking about people killed during the war, and there were 597,000 of them, but I did not have that information while I was writing *The Vastness of Historical Reality.* Tell the public, publish that data in all your newspapers, dispel that myth and deception. For the Serbs base their allegedly justified Serb demands, fears, deceit, and so forth, on that.

[Josip Jovic] They will not negotiate, except outside Croatia.

[Tudjman] Knin will not see negotiations outside Croatia....

[Josip Jovic] Those are their maneuvers....

[Tudjman] Maneuvers... Lately, as opposed to the stalling of Martic and Mikelic and their unreasonable behavior, Milosevic has stated for Athens KATIMERINI that the solution is to solve the problem of the Serbs in Croatia like the problem of the Albanians in Kosovo. That is, so far, the most positive statement. Of course, we would immediately agree to giving the Serbs in Croatia rights equal to those of the Albanians in Kosovo.

[Branko Tudjen] To what extent is this vital and most painful problem of the UNPA [UN Protected Areas] zones related to the development and outcome of the situation in Bosnia?

[Tudjman] It is extremely closely related, to the extent that our friends advise us to be patient and wait until it is solved.

The situation in Bosnia is bound up with the situation in the UNPA zones and many expect that the relations with the Serbs will change once the Bosnian question is solved within a framework of those draft proposals that are now being discussed, and that this will clear the way for making them give up their pretensions about annexing krajina to greater Serbia.

[Branko Tudjen] Do you think that Serbian imperialistic politics has now reduced its ambitions to what is being offered through Bosnia?

[Tudjman] I think—and we were told that at the negotiating table as well—that the world has realized there are 2 million Serbs on the other side of the Drina River and that the solution to the Bosnian problem would change the angle with regard to the problem in Croatia. I think they will accept the fact that the Serbs in Bosnia are one of three constituent nations. Consequently, they will also accept that the Serbs have a right to demand self-determination, but that they must, in turn, agree to solving the problem of the Serbs in Croatia on the basis of general principles of the international community, that national minorities and ethnic communities do not have the right to self-determination, but to civic and ethnic rights in accordance with international conventions.

[Mirko Bolfek] Mr. President, while we are on the subject of Bosnia, would you comment on current relations between the Muslims, i.e. the Bosniaks, and the Croats, and the fact that some say the Washington agreement is not entirely beneficial for all Bosnia-Herzegovina Croats, i.e., on the fact that some say the agreement does not provide what it is supposed to provide for the Croats?

[Tudjman] First of all, regarding the Washington agreement, I must again point out that the signing of the agreement does not present a turning point in Croatian politics and my politics toward Bosnia-Herzegovina, but that it was exactly those politics that lead to the agreement and won over those allies that were not quite familiar with the situation.

I not only helped, but received several hundred representatives from all parts of Bosnia-Herzegovina in this very building, and I told them to go to the referendum for the sake of Croatianness and Croatia.

Moreover, I not only accepted, but also initiated Cutilhiero's plan about cantonal solution. I initiated and contributed to the draft solution for provinces. You will remember that I dedicated days to some people who came to see me.

We Helped the Establishment of the Croatian Republic of Herceg-Bosna

Of course they are against the secession of the republic of Srpska and oppose the view of a part of the Muslim leadership that if a unitarian Bosnia as a whole is not possible, they establish a separate Muslim state, that we helped the creation of the Croatian republic of Herceg-Bosna, and that it defended not only western Herzegovina and central Bosnia, but also other parts of Bosnia from the Serb aggression, and that Croat areas in central Bosnia be defended from the Muslim offensive, at the time when the Muslims were determined to create a Muslim state. [sentence as published]

Proof: After I signed both public and secret agreement on federation and confederation with Izetbegovic, he later on signed an agreement with the Serbs in which he said that if Bosnia-Herzegovina was to disintegrate, that real membership in the United Nations be transferred to the Muslim republic.

Furthermore—I might have mentioned this already; I know I did, but I do not know whether it was published anywhere—at one point Izetbegovic told me: "You can annex western Herzegovina to Croatia." I refused, for we wanted to defend the Croats in central Bosnia.

Consequently, the present agreement is beneficial for the survival of Croatianness in Bosnia. On the whole, it is more beneficial for the strategic interests of Croatia than if it simply joined western Herzegovina, but it is also causing problems due to the resistance and lack of trust on both the Muslim and the Croat sides, although generally speaking, we must admit that the agreement on the cessation of hostilities and on the implementation of the Washington agreement, regardless of the resistance on both sides, was, on the whole, accepted much better than we had anticipated considering our strained relations.

We can expect to encounter many problems, it will take good will on both sides to smooth over misunderstandings and regain trust.

I think most part of the Croatian nation and most responsible persons who lead that defensive war of Croatia in Bosnia will follow these politics and that the Muslims will also try to implement the agreement, simply because they realized that the world, both Western countries and the United States, were not well-disposed toward them. Not only that, they also rejected the idea about a unitarian Bosnia, for it is as impossible as creating a separate Muslim mini-state. They were advised—to put it mildly, since I do not know what some of you will write—to join the Croats, to connect with the Western civilization together with the Croats, that this was the only chance for their survival in these parts, and that this is in the interest of most Islamic countries as well. For most of them, as you know, have pro-Western governments—actually 47 out of 51 Islamic countries—and it is in their interests not to have some extremist fundamentalist factions prevail in Bosnia, although there are, of course, such extremes in all Islamic countries, but, on the whole, they support the Croat-Muslim alliance in Bosnia and the confederation.

Overcoming the Historical Burden

Between us, the Croats therefore have to overcome this historical burden of having been in a subordinate position or under hegemony in Bosnia all the time; both in the Muslim, Turkish, times and the Yugoslav times—first under the Serb hegemony, and later under the Muslim. They have to learn to understand the reality that the U.S. professor, Dr. Boyd, presented—he is said to be one of the top experts on international law, and he is paid by the Islamic countries and Islamic circles to be an advisor to Izetbegovic, that is, the Muslim leadership. After the Washington agreements he put together an analysis for Izetbegovic and the Muslim leadership, and called it The Memorandum.

There are 26 pages of text in this memorandum; it has 121 items, and each sentence, item, or page, whatever you like, states that, with the Washington agreement, the new state formation, the federation of Bosnia-Herzegovina, has been put under the protectorate of Croatia by agreement, by the decision of the United States, Europe, and Russia. These are the words of this professor in this memorandum. Naturally, from these positions and certain Islamic points of view, he does not advise the Muslims to accept that.

The Croats must overcome that negative historical-psychological-political heritage; they must realize that, with this federation, they are really becoming equal, and they must learn to manage this federation on an equal basis, and learn that through the confederation, that is, the confederate relations with Croatia, they have full guarantees that they will not be tricked.

This is favorable for Croatianness in Bosnia as a whole, as over 90 percent of the Croats in Bosnia are in the federation, and, connected to Croatia, this is, from the geopolitical strategic point of view, in the interests of both Croatianness in Bosnia and the Croatian state, in the economic and every other aspect. We coordinated the interests of the Croat people with the interests of international forces on this issue, with regard to the eternal divisions of interest spheres in these areas.

As you know, Croatianness was suppressed in Bosnia in the demographic aspect too, and, faced with the population expansion of the Muslim population, this placed

great demands on the Croat politics: the demand to know this strategic position, to know how to make us of it without letting the negative aspects prevail.

[Josip Jovic] The cantonal demarcation has stirred up discontent. Was it possible to gain more in these negotiations?

[Tudjman] For heaven's sake, we did gain.... The issue there was central Bosnia; we could have gotten the separate canton of Novi Travnik, Vitez, Busovaca, Kiseljak, Kresevo, but it would not have been connected with the other parts. This way we got both Jajce and Travnik into a mixed canton—and everything we have listed—and this way this canton borders with a purely Croat canton and a mixed canton.

The greatest noise was raised about the mixed canton of Mostar, the Mostar-Neretva canton, concerning Medjugorje. I said that it was precisely the fact that Medjugorje was going to be there that was proof to the Croats there, to us, and to the foreigners who are going to come there that it is not only a Muslim, but also a Croat canton—more Croat, if you like—and Mostar must have the main Croat institutions and the Croat university, the Croat theater, the Croat soccer club, and the institutions of the Croat republic of Herceg-Bosna until the federation comes into effect, and later of the canton, and the great county [velezupa]. The problem is us; we must know how to make use of it. This European Union management, headed by Koschnik and his team, will surely not oppose, it will not be against the Croat interests.

From the strategic point of view, this demarcation is therefore favorable for Croatia, but the Croats must accept their position; they are no longer subordinated, but they will be the ones who will participate in the management.

[Kresimir Fijacko] All this presupposes political stability in Zagreb. How do you see the way out of what has been happening with the parliament, which is surely not contributing to the stability? As president of the state, what can you do, what do you intend to do, and what do you think should be done?

[Tudjman] First of all, I said that this parliamentary crisis has in fact been overcome. At this table I said to all the party leaders, not only of the majority party, but also of the opposition, that Croatia has achieved a favorable international position in the present-day world with the stability, the democratic system, but also that the world needs a stable Croatia, and that everyone had their own share of responsibility in that respect.

Italian Imperialism

The problem of the stability of Croatia is at present posed from a special point of view; that regarding the results of the elections in Italy, where the representatives of the parties that are at present in power made open statements about tutorship, about Istria, Rijeka, and Dalmacija having been historically and culturally Italian, which means that they have a right to them.... Therefore, it is particularly the gentlemen in the Rijeka NOVI LIST who should bear in mind that we are faced with the constant presence of Italian imperialism and irredentism, which are connected to the Serbian aspirations, with the visits to Knin, Baranja, and so on.

However, let us go back—it is necessary to do everything for Croatia to remain a stable country with regard to its democratic system. The international community has not paid much attention to Manolic and Mesic's being renegades, because in fact they considered Manolic a proof that we have not done enough about decommunizing both the majority party and Croatia.

I believe that the crisis they wanted to provoke has in fact been overcome, that the majority party is prepared to abide by the agreement, which states that the majority party has the right to have its members as chamber presidents; they have been elected—that is a fact—and the majority party is prepared to have deputy presidents from the opposition, as has been stated. However, this agreement does not mean that nine party leaders can determine that—it is unconstitutional, and does not comply with democratic parliamentary practice.

Let the majority party and the opposition parties nominate the candidates that the parliament as such will accept, and the majority party will not make proposals for these positions; it could impose its solutions, but it will not—let the gentlemen nominate candidates that will win the majority of the HDZ representatives too, and vote according to their conscience and the responsibility to their voters. It seems to me that prudence will prevail and that the opposition parties will acknowledge the election of the chamber presidents that has been carried out, and that the parliamentary activities regarding the election of the chamber deputy presidents and the drawing up of the new rules of procedure on the parity basis, in the spirit of the democratic principles in the European and other countries, which will then be submitted to the parliament, will continue. An agreement on the new number and members of parliament committees, which we had agreed upon, was reached, and I think that sense will prevail among the opposition too—though you know that they were not united either in their positions or in electing Manolic—and that the parliamentary activities will continue under normal conditions.

At any rate, I can tell you this: There were even representatives from the opposition parties who said that they did not consider that important, that each parliament in the world is managed in a democratic way, on the majority basis.

The Majority Party and the Majority

One of the opposition representatives said that if the majority party does not know how to make use of its

majority, then it proves that it is not capable of ruling. We have received some similar statements from foreign observers too.

But I will tell you something, ladies and gentlemen. The way you have interpreted this parliamentary crisis in your media.... Croatia needs a stable democratic system to resolve its important problems, to liberate the occupied territories, and to be able to participate efficiently in the talks regarding the crisis and all the international positions; it does not need destabilization.

Instead of saying "parliament without opposition," you could have nicely said that a new parliamentary chairman has been elected, because he has indeed been legally elected. You are also responsible for creating public opinion in the sense that our people are able to understand what it means to have a state of one's own.

We can have internal differences, but we can not create the term "unstable Croatia." Who needs an unstable Croatia? Remember, gentlemen, this West, this democratic West has given billions of dollars to Yeltsin to establish the democratic system—you know how, you witnessed the tanks aimed against the parliament and so on. Therefore, there are realities in international life, there are problems that the international community needs to solve to prevent a world conflict, or regional conflicts, and so on.

I repeat, it was because Croatia knew what it wanted, because it had a more stable system than any other former socialist country—in which the Communists have been coming back, or the coalitions are inefficient—that it has gained trust, but also because it was stable, because the world also needs a stable Croatia.

Therefore, I am asking you, not for the sake of the interests of the party, but for the sake of the interests of the Croat people. [sentence as published] For the consciousness of what it means to build a state and what needs to be invested in it, to prevail over the negative, centuries-old heritage in which even intellectual minds were forced to serve foreign masters—from Venice to Vienna, Budapest, and Belgrade—therefore, to build a democratic Croatia and this responsibility, that is truly not an easy job.

[Hloverka Novak-Srzic] In the context of the attempt at destabilizing Croatia that you spoke about, what is your comment on the fact that some of the critics of the Croatian state do not criticize the real problems—the improvement of democracy and economy, or Croatia entering Europe—as much as you personally? I am talking about the letter of the six, [former president of the Croatian Rights Party] Paraga's letter to the U.S. Congress, and the two letters that we have heard that Manolic and Mesic wrote. What is your comment on that; why is it so?

[Tudjman] If there were no Tudjman, there would be no HDZ, there would be no Croatia. Therefore, if the attempt on the Presidential Palace had succeeded, which it did not thanks only to circumstances, it is clear what would have happened.

[Miroslav Ivic] President Tudjman, war profiteering and now the irregularities in the transformation process have been irritating the public and stirring up disunion, which is contrary to what is necessary. Do you think that enough has been done to prevent this from spreading, and what is your assessment of the activities of the bodies in charge of that?

[Tudjman] You know that, during several government sessions that I chaired, I dedicated some special time to the problem of fighting all criminal activities, of eliminating the old bureaucratic remnants at all levels, but especially the criminal activities. Naturally, there are problems, and not enough has been done.

Inevitable Criminal Activities

However, gentlemen, such things are inevitable even in countries that have never had any other systems but the free market system—or capitalist countries, if you like—and that had state management for centuries.

Let us be aware of the fact that it is precisely on the free market where the ruthless relations are in force, and that in legal conditions you also have people who can cope and those who cannot cope, and that there is underground mafia in any situation, even in the most normal countries, so to speak—not only in Italy, but also Germany, the United States, Japan—countries that have not undergone such turmoil as Croatia has.

Therefore, with the breakup of the former Yugoslav community a number of Yugo-unitarians, Yugo-integrationists were affected, and they remained in Croatia. The same goes for the breakup of socialism. A very large level of people was connected to the socialist structures, and they remained here, partly dissatisfied with the new situation. Even when they became involved in the structures of the democratic authorities, they were subversive and tried to use their positions for their purposes, for turning the wheel of history in the opposite direction again.

And then there was the transformation of the socialist, nobody's property—state property—into private property. This is a problem that humanity had never faced before, and it has not been completely resolved anywhere yet. As the free market was being formed, so was this capitalist society the wild-west way, the mafia, and so on. Were the Fords and all the other international magnates established by being clerks, sitting at their desks, like the others, the majority of the citizens? We must understand that; a much more stratified, more political, and more scientific approach to this problem should be taken.

On the one hand there is the fighting against criminal activities, and on the other we should see that in this transformation, the transition from the socialist system to the free market system, some people will inevitably

become rich, and some will not. We must also understand that while we have to fight all the criminal activities, there will be no rich Croatia without rich Croats. We must understand that.

There is this very interesting phenomenon of the real mistakes being used for petty political pusposes, instead of seeing to the transformation being carried out as soon as possible, and achieving stability in that respect, both for the sake of internal development and external relations.

These old structures are a special problem, as are the old views, and the Yugo- and socialist resistance to the return of the Croat emigrants. We still do not have any information as to whether, at present, there are as many Croats abroad as there are in Croatia and Bosnia-Herzegovina, or at least two thirds of that number.

However, it was clear to me from the very beginning that a great part of the Croat people have been abroad from the last century, and that if we do not bring them back, the Croat people and Croatia will not be able to survive. If we let these people stay abroad, they will continue to pull away the others—there is no house, no home, that does not have a relative abroad. If we do not create the conditions for these people to come back, they will continue to leave, and Croatia is depopulated as it is. Father Bakovic may get on some people's nerves, but there are more coffins than cradles in most of Croatia, if you please.

Therefore, the return of the emigrants should be facilitated through transformation.

Resistance to Emigrant Investment

I must admit that I have not received much support in this. There has been some in the HDZ, but not in the structures that are in the opposition parties. There is so much resistance to the investments of our emigrants that they did not accept Luksic, the richest man in South America—not only Chile, but South America—and one of the 100 richest people in the world. After I had received him, after he had even sent his sons who are there, and after he had expressed his readiness to invest, they would still not take him. They resisted it so much that they almost threw him out.

And now this Geofizika [Croatian company]. There are three Croats from California who are willing to buy it for more money than Ina [Croatian oil company], which initially stated it was not interested, and now these structures in Ina—which have been there since the Communist regime, you know—are saying it is treason, and so on. Because there are three Croats who, between us, are doing similar things for us in the United States, they can not do it. So then it is said to be a crime of the party in power, and so on.

I received a letter from a man in Germany, who said he had three children, and that he had offered 1.75 million German marks [DM] for a company.... If we do not achieve that, Croatia will not exist in the future, for the reasons I have stated. As soon as this practise is abandoned, there are immediately announcements that this is underhand dealing or whatever.

This is a problem in which on the one hand we must fight absolutely for the rule of law, and against any crime, but on the other hand we must be aware of the fact that if this Zvonimir Boban [Croatian soccer player for AC Milan in Italy] has sold his legs for DM16 million or dollars—German marks, and if he wants to invest that money in Croatia, it should be made possible. They have preventing him from doing so for a year, and labeled him a Herzegovinian, or whatever.

Therefore, this is an issue of a conflict between those who came from the former management that is holding the structures in certain companies, and even in the state management. We were at war, and if we had made changes in these structures, the Croat people would have become disunited, a civil war would have occurred, and so on. Therefore, we carried out the correct policy of non-revanchism, of unity, but even with these great difficulties we must overcome the resistance both to private enterprise and to emigrant investment, which to me primarily means the return of our people. We should bring them back, and not have them leave.

However, I think that this is a process that cannot be stopped. I personally know about 100 young people who were born abroad. Eventually, we managed to appoint Mr. Blazevic, who was born in Argentina, to be assistant to Penic, to put an end to this resistance. There have been some positive trends, but there have also been some negative ones. Some people who were in the state management, in some ministries, went back to Australia, so I brought them back, and there were some who were disappointed with the relations in the transformation process, so I had to make personal interventions over and over again, and, as you see, it is a difficult process. It also includes the denationalization problem. Other countries have not yet managed to resolve that either, but from the very beginning my position toward the denationalization problem—which is the only correct one—has been that we should return what we can immediately, but not do more injustice than has already been done. So, in the cases in which we cannot return the property we should offer adequate compensation, proportional to the possibilities.

We Are a Little Impatient

This was clear to me in 1990, but, as you can see, it is difficult. We have in fact not yet made any significant progress in the issue of the new role of the Chamber of Commerce, which should be the moving force in all these issues. However, you all know that you and I are paying 0.8 percent to the Chamber of Commerce—I do not know whether it is from gross or net income. I found it clear as early as in 1990 that this is not necessary, but none of the heads of the Chamber of Commerce have implemented this so far. The Chamber of Commerce

must either be a chamber of tradesmen or industrialists, and they should make voluntary contributions, instead of us paying for this to continue.... This is an example of both authoritarian power and of a difficult problem to solve. You know, we are a little impatient, though. It all takes time, it takes a good law—it cannot simply be copied.

[Josip Jovic] There are certain individuals, let us put it that way, who are very highly placed in the political sense, and are involved in various suspicious activities, and I do not see any reason why this is tolerated. I think they are also misusing your moral credibility.

[Tudjman] I had two ministers removed from office when I learned they were involved in such things. I am in favor of finding out about this, of throwing them out, and not only shaming them, but also taking them to court. But here things are politicized in such a way as to ask for [Defense] Minister Susak's resignation with no justification—if the situation were normal, then he would have been replaced after the explosion at Duboki Jarak [near Zagreb; a military warehouse], not because he would be directly responsible, but for political responsibility. However, I know that there are about 10 other people there who are directly responsible for what happened, and I know that the demand for his resignation was not caused by this, but because I could carry out Croatian state policies in Bosnia-Herzegovina through him, which included organizing the resistance to both aggressions in Bosnia-Herzegovina and the removal of the people who had become obstacles to these policies—and you know who they are.

You see, things are politicized, and given other meanings, or they are simply misused for petty political purposes. As far as Mrs. Girardi [minister of culture and education] is concerned, the organization of the teachers' strikes was connected to this entire destabilization action, to the provoking of the parliamentary and constitutional crisis, to what they intended to do later. So Minister Girardi was then held responsible for the whole affair. Anyone else could be better at any position, if only they could find such people.

The problem of liberating the occupied territories is not simple. You probably remember that I said that I did not receive support even from those people from Croatia and abroad who favored me. They threatened that the sanctions would be extended to Croatia if I started liberating Maslenica. I did so anyway, again on the basis of the judgment that they would not do it because they need us, and that we should prove that we can carry out independent policies.

We must solve the internal problems in as painless a way as possible; I have been saying that the instances of particularly heavy crime should be found out about and dealt with, but in as painless and efficient a way as possible, which is not easy. And then you have these reproaches to the authorities.... I said that the documentation on what the members of the majority party have gotten in the transformation and on what the others have gotten should be prepared, and it will be prepared, and all the information should be presented.

Consistent Observation of the Law

Only when we have resolved the problem of the occupied territories, and when the war in Bosnia ends will we be able to start resolving the problems of consistent and absolute observance of the regularities and democracy, with all our forces and all our energy.

The courts made decisions on releasing Arkan and Hadzic, and I did not know about it, so those who now provoked the crisis must have known about it. On 17 August 1990, when I was returning from the track-and-field championship in Split, I heard that Martic [president of the republic of Serb Krajina] was there, so I ordered that a commando unit be sent to Knin to break up the meeting, and if they had done that, things would have been different—I am not saying that they would be much different, but there would have been some difference. Those who wanted to provoke a crisis now are the ones who did that.

Ladies and gentlemen, managing the Croatian state in these circumstances is a very demanding job. However, I am not at all pesimistic.

[Branko Tudjen] Perhaps something else about the stability of the government: Will there be any changes?

[Tudjman] These are only petty political insinuations, they are an attempt to provoke, just like what the papers were saying at the time—that Domljan, Greguric, and Valentic would join Manolic.... As you can see, the government is stable, prime minister Valentic is completely following my state politics, and there is no instability. There are no problems about whether there will be any changes, individual ones, because of some needs....

[Nenad Miculinic] President Tudjman, since the issue of the Day of Statehood has been raised, and since the opening of the monument to Croatian freedom has been planned at Medvedgrad, I would like to ask you for a comment on the announcement of the church authorities, which says that the representatives of the church will not participate, and that no church ceremony has been planned for the occasion of opening the facility you have called "the altar of the homeland." The Catholic Information Agency issued the announcement last week.

[Tudjman] You do issue various sorts of information in your announcements.... To my knowledge, Cardinal Kuharic, as president of the Bishops' Conference, will be present on the occasion, and these are therefore only speculations about a conflict between the church and the state. I think that a misunderstanding has occurred, that some of the church people perhaps thought that this monument should not be called 'the altar of the Croatian homeland,' because altars belong in the church....

However, that is not true—we primarily wanted a place at which honor would be paid to all those who lived and died for Croatia, and this is not an altar in the classical sense. You let all sorts of things be published, it is shameful. We have not only saved Medvedgrad in the most authentic sense, which is already known, but we also assigned a purpose to it, and created a place where, on the elements of the Croatian coat of arms [reference to the sculpture at Medvedgrad], the Croatian homeland would be honored by all the foreign statesmen and foreign delegations.... We thought that the most suitable name was precisely "the altar of the Croatian homeland." We also considered "the altar of Croatian freedom," but we finally decided, in a wider circle, during an intellectual, political consideration of the issue, that it should be "the altar of the Croatian homeland." Some may have thought that it was just an altar, but it is not. You have an altar in Rome and somewhere else too, I do not know the Italian word for altar, and there have been similar terms—pro patria, for instance.

There Are No Residences

We will have a special agreement on whether consecration is necessary, but it is not an issue, as the cardinal is going to be present. You will see that it will be a unique monument. We will revive this Medvedgrad, the appearance of which between the 13th and 15th century nothing is known about. As far as the concrete support that they have been writing about is concerned, whenever you restore something, you put the concrete and the frame inside that could endure an earthquake, and on the outside the facing is done according to the authentic design. This is the case everywhere in the world. This will be a monument with a nice view of the capital, it will be a successful solution, as it will have been put to a purpose with much less money than is being talked about, and there are no residences there....

We may differ in everything, but we must realize that we did not get a state in an easy way, nor will it be preserved if we do not know how to preserve it. States are like homes, families: They disintegrate and disappear, and we must realize that. From the point of view of our geopolitical position, we are where we are. Let me mention one more thing: The recent ideas presented by certain political circles—not only the IDS [Istrian Democratic Congress], but also some others, regarding regionalism, the federal state of Croatia... for the first time in history we have achieved unity, and should we now, with the Italian irredentism for Istria, Hungarian for Medjimurje, proclaim regions of, say, Dalmatia, Slavonia, and give rise to speculation?

Somebody told me that we have been reproached for not having put Gaj [leader of the Illyrian Movement] or Strossmayer [bishop, promoter of Pan-Slavism] on the new notes. So, in relation to what has not been overcome, which I discussed earlier, now we should continue to spread the Illyrian Movement and Yugoslavianism! Therefore, we have not made any strategic mistakes in that respect.

There have also been statements that the kuna will not be accepted. Who will not accept the kuna? Why were the names of the mark, lira, franc, and other currencies not changed then—they were also used under occupation. The kuna was the means of payment in the Croatian lands from Slavonia to the island of Cres. Moreover, we have it [kuna—marten] on the Croatian coat of arms of Slavonia, and Slavonia was at a time the state term for the whole of Croatia.

And now I am expected to give in on this....

[Branko Tudjen] It is better to have a marten than a badger [in Croatian, badger is jazavac; the name of a satirical theater in Zagreb].

[Tudjman] Have they changed the name of Jazavac? In Jazavac they prepared a blue night: return the holy name of Dinamo [reference to a play; Dinamo—the former name of a soccer club at present called Croatia]. This is also part of the action aimed at destabilizing Croatia.

I told them in 1990 to change the name. My idea was to have it done right away. Then last year they said they would change it back. I said no. It will not be called Dinamo. In Dinamo lies the symbol of what Croatianness has gone through from World War II, from Bleiburg, when 100,000 Croat people were forced into death marches, to Jugoton, Jugoriba, Jugokeramika, Jugoexport, Jugovinil, Jugoplastika, Jugodugme [factories and industries]... in Croatia.

On the other hand, Dinamo was in all the socialist countries and in the West a synonym of the pro-regime, pro-KGB, pro-secret service clubs. There is still a Dinamo in Tirana and one in Pancevo. And we are supposed to change it back?! Try to explain what it means to these young men who do not know anything. As long as this Croatia exists, there will be no going back to Dinamo.

[Hloverka Novak-Srzic] The name was changed two weeks ago.

[Tudjman] Was it in Jazavac or in Kerempuh [a theater in Zagreb, originally a character of a Croatian poem]?

[Unidentified] In Kerempuh.

[Tudjman] The first performance of the play in which there appears the demand that the name be changed back to Dinamo was in Kerempuh. There—you see, this is the state of affairs here.

RSK Official on Talks, Italian Alliance

LD0206165394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1341 GMT 2 Jun 94

[Text] Obrenovac, 2 Jun—Borislav Mikelic, prime minister of the government of the republic of Serb Krajina [RSK], today denied reports that representatives of the

RSK and Croatia were going to resume talks in Athens, Greece. "We have not yet fixed a location and date for further negotiations between Knin and Zagreb. I am not sure how some news organizations have come up with reports that this is going to take place in Athens," Mikelic told Obrenovac Radio.

"Our attitude is known anyway; anywhere except in Germany or within Croatia's borders," Mikelic added. He stressed that he was waiting for the next meeting with cochairmen Owen and Stoltenberg which will probably take place next week in Geneva. "Only when we have presented our arguments and heard their opinion will we decide where to hold further negotiations," Mikelic said.

The RSK prime minister said that the dispute over where to hold talks "increasingly resembles a match that is under way." [as received] He accuses the three EU ambassadors who released a six-point statement in Knin in early May, thereby prejudicing a political solution, of stalling the negotiations. Asked by the Obrenovac Radio presenter about a possible alliance between Italy and the RSK, Mikelic said that he would soon meet Italian Prime Minister Berlusconi and that he saw no reason why Krajina should not cooperate with one of Europe's economic powers.

"At the moment Croatia should pay more attention to Dalmatia and Istria than to us. First, we are another country. Second, they should save whatever can be saved. Certainly, the Kuna will not save them but let Europe witness where Croatia has ended up under the leadership of the Croatian Democratic Union," Mikelic told Obrenovac Radio.

Cooperation Agreement Signed With FYROM

LD0206174494 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 2 Jun 94

[Excerpt] The Croatian and Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Chambers of Economics have signed a cooperation agreement. This important document was signed 2 June by the chairmen of the two chambers, Mladen Vedris and Dusan Petrevski. Albino Cehic reports:

[Cehic] The agreement has been concluded to improve cooperation and overall economic and trade relations between the two countries and to establish stronger links between enterprises. [passage omitted]

Government Offers Secovlje for Piran Bay Control

AU0206152794 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 2 Jun 94

[Text] The government held its regular weekly session today. Some of the session was dedicated to relations between Slovenia and Croatia, especially in light of President Milan Kucan's announced visit to Zagreb. He is expected to travel there on 7 June. As it is customary, a news conference was held after the session. Our colleague Nadja Pengov was mostly interested in relations between Slovenia and Croatia:

[Begin Pengov recording] The government conclusions were explained by Foreign Ministry State Secretary Peter Vencelj, who said the following: Matija Malesic, Slovene ambassador to Croatia, yesterday met with Croatian Prime Minister Valentic. Nikica Valentic told our ambassador that Croatia will continue with the construction of a border crossing near Secovlje and that the border crossing will be finished before the beginning of the tourist season. Work is underway and should be completed by the end of the week. Nikica Valentic here also said that he was aware of the controversial nature of the construction, however, that Croatia can no longer wait for a resolution of this problem. The information received indicates that Croatia is not inclined to the Slovene proposal regarding Secovlje and sailing in Piran Bay—according to which temporarily, until this issue is finally resolved, Croatia would assume the manning of the Secovlje border crossing while Slovenia would supervise all of Piran Bay. The final verdict on this will be given by the Croatian Government at the session that started today at noon.

Bearing in mind that the conclusions of the Croatian Government are not known at this moment, our government has decided not to make any decisions concerning President Kucan's visit to Zagreb for the time being. Whether the government will propose that President Kucan visit Zagreb or not will be decided by Prime Minister Drnovsek upon receipt of information on the Croatian Government stance on the Slovene proposal concerning the Secovlje border crossing and Piran Bay. [end recording]

Austria's Klestil Holds Talks With Officials

AU0106164594 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 1 Jun 94

[Text] Ljubljana is hosting Austrian President Thomas Klestil who has arrived for a two-day official visit at the invitation of Slovene President Milan Kucan. Branko Maksimovic reports about the first round of talks with the top officials of our state:

[Begin recording] [Maksimovic] The great interest shown in Slovenia for the Austrian referendum on EU membership shows that this is also important for Slovenia, which will, in the case of a positive outcome, draw closer to Europe, too. This was the idea that Dr. Klestil emphasized at the first meeting with the reporters after one hour talks with President Kucan and after the meeting of both delegations, which also comprised Carinthian Governor Christoph Zernatto and Styrian Governor Josef Krainer, and Defense Ministers Fasslabend and Kacin. In his statement, President Milan Kucan rounded up the contents of the talks so far as follows:

[Kucan] The visit of President Dr. Klestil is the first official visit of an Austrian president to the independent Slovenia, a confirmation and a reflection of good relations with a long tradition, and affirmation of the trust that was formed during the process of Slovenia gaining its independence—during the war for our independence and efforts for our international recognition. I view this visit as a part of intensified cooperation between the countries and the presidents of Central Europe, which is helping to strengthen the awareness about spiritual, cultural, and the civilization belonging to this region that is gaining importance in the new Europe because it is bringing its values to it. This visit also allows, in accordance with the tradition of good relations and the achieved mutual trust, the solution of some issues that have been accompanying our relations for many years. At this moment, this does not merely involve the questions connected with the expatriates' bureau [zdomska centrala] and the issue of economic cooperation and the deficit that Slovenia currently has in these relations, but also several concrete proposals of which President Klestil will speak with Prime Minister Drnovsek. I would like to emphasize here that we could not have avoided the problem of rights and the protection of the Slovene minority in Austria in these talks. In connection with this, we also discussed the fate of the Austrian State Treaty.

[Maksimovic] Let me add that, at the above-mentioned meeting with Slovene Prime Minister Dr. Drnovsek, the Austrian guest handed him a comprehensive memorandum containing concrete plans for economic cooperation. A charter on Austrian assistance in the education of the refugee children in Slovenia was signed at noon in the presence of both presidents. From the remaining program of today's visit, let me single out that President Klestil will, in approximately an hour, speak in the Slovene Parliament and at 1800 open the House of the Carinthian Slovenes together with President Kucan. [end recording]

Federal

Ministry Protests German Statement on Kosovo

LD0206163694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1517 GMT 2 Jun 94

[Text] Belgrade, 2 Jun—The charge d'affaires of the German embassy in Belgrade was summoned to the Federal Ministry of Foreign Affairs today. The reason was to deliver to him a sharp protest in connection with the stances contained in the 31 May statement by the German Foreign Ministry concerning talks between the German State Minister Helmut Schaefer and Ibrahim Rugova, who was presented as "the most senior freely elected representative of the majority Albanian population in Kosovo."

The statement of the German Foreign Ministry contains "false information and an unacceptable assessment of Serbian policy in Kosovo-Metohija, and sets out the positive assessments of the German Government on Rugova's separatist movement," the demarche notes.

The Yugoslav protest stressed that the stances contained in the German Foreign Ministry statement "support in the most direct way the separatism of the leader of the Albanian national minority and are an impermissible interference in the internal affairs of the FRY [Federal Republic of Yugoslavia]." These stances are in contravention of the principles of the UN charter and the Final Act of the CSCE, the statement noted.

Government: Albania Refuses Ministry Meeting

LD0206155494 Belgrade TANJUG in English 1436 GMT 2 Jun 94

[Text] Belgrade, June 2—The government of the Federal Republic of Yugoslavia on Thursday instructed its Foreign Ministry to renew proposals to Albania for dialogue at the level of foreign ministers, the Foreign Ministry in Belgrade announced. So far Albania has rejected both dialogue at the ministerial level and bilateral contacts of the two countries' experts, even in spheres such as environmental issues.

Albania supports the separatist ethnic Albanian movement in Serbia's Kosovo province whose leaders have illegally proclaimed the "Kosovo Republic" and advocate its secession from Serbia and Yugoslavia and annexation with Albania. Albania is the only country to recognize the "Kosovo Republic."

Institute Manufacturing Tank Laser Range-Finder

LD0306094194 Belgrade TANJUG Domestic Service in Serbo-Croatian 0820 GMT 3 Jun 94

[Excerpt] Belgrade, 3 Jun (TANJUG)—The Federal Republic of Yugoslavia has joined a small number of countries manufacturing tank laser range-finders. They are produced from local components and using state-of-the-art scientific and technical methods, Dr. Radovan Antanasijevic of the Zemun Physics Institute has said.

Dr. Antanasijevic, director of the center for applied Physics at the Zemun Institute, told a TANJUG correspondent that the Institute has developed and manufactured the tank laser range-finder within less than a year, despite the shortage of documentation and equipment.

The laser range-finder is a complex optical electronic system, used as part of modern combat equipment for defining the distance of the target quickly and with precision. The probability of hitting the target at first attempt is over 70 percent, due to the application of laser and other state-of-the-art range measuring and information processing systems.

The range-finder produced in Yugoslavia measures distances of up to 10,000 meters, with an error margin of five meters. [passage omitted]

ΩRecovery Program Seen Threatening Stable Dinar

94P20831A

[Editorial Report] In articles published under the rubric "Fate of the Avram" in the 2 and 9 May issues of the Belgrade opposition news weekly VREME, journalist Zoran Jelicic examines the Federal Republic of Yugoslavia's economic stabilization program, which was introduced in January 1994. Jelicic expresses concern that the stable dinar, which is pegged to the German mark and is a key element of the program, may not survive the inflationary pressures of the second phase of the economic recovery program and its plans for state support for key industries. (The stable dinar is nicknamed "Avram" after Bank Governor Dragoslav Avramovic, author of the stabilization program.) In addition, Jelicic charges that the Serbian Government's plan to establish coordinating groups for economic recovery which will be responsible to a Central Coordinating Team (CKT) is reminiscent of the central-planning, command economy of the post World War II era.

Inflationary Pressures

In the 2 May article, titled "The Conception of Inflation," Jelicic argues that the contents of the second phase of the Program for the Recovery of the Yugoslav Economy introduced in early May make it possible to predict "more or less accurately" whether the dinar will remain stable or whether its "quiet erosion" will begin. Jelicic recalls that there was disagreement within the government over adoption of the "Avramovic Program" in late 1993: The word of Serbian President Slobodan Milosevic was decisive in adopting the stability program, Jelicic writes, while most of those involved in the decision, including Federal Prime Minister Radoje Kontic and the majority of economists in Serbia, viewed hyperinflation as unavoidable as long as the war and sanctions lasted and favored a solution that would provide state "support for the most important sectors, from the army to medicine." Since January, however, the success of the Avramovic program and the stable dinar policy—the disappearance of "any inflation whatsoever" on 24 January, maintenance of the dinar-mark parity for the most part, and increase of the state's hard currency reserves by 299 million marks—and the resulting "rapid influx of money into empty state coffers," Jelicic writes, has "choked off disagreements

on basic concepts" and shifted discussion to the "second phase of the economic stabliization program, 'economic revival.'"

Judging from what has "leaked" to the public so far, Jelicic concludes, what the Federal Government has prepared points toward increased state spending. "Stimulus measures and more stimulus measures" have been announced for those producers "in which a state interest is ackowledged" and once again the economy is being divided into "essential and nonessential parts." Moreover, elements of a "policy of controlled prices" are beginning to appear, not only for individual products or services but for production factors (the cost of capital and labor), and commercial banks are being "leaned on to secure 'necessary' means for clients," again for the "sake of reviving production, and so forth."

Jelicic contrasts recent statements by key officials on the government's approach. A recent Avramovic statement that a "healthy national currency is the best basis for economic expansion," Jelicic says, means that economic expansion is possible "only where there is no 'revival' of monetary emissions without backing." Nevertheless, Jelicic points out, two vice presidents responsible for coordinating implementation of the recovery program—Dragan Tomic of the Serbian Government (who is also minister without portfolio in the Federal Government) and Nikola Sainovic of the Federal Government—were cited in daily newspapers as advocating increased state support during a recent visit to the Serbian industrial city of Kragujevac. Tomic reportedly stated that the government was "in a major offensive to stoke up the economy" and that "it goes without saying that we will support those who produce." Sainovic, saying that he "supported monetary stability," at the same time added: "We are in favor of the spirit of free market competition under the conditions of the sanctions, with special reference to those collectives in which the sanctions have caused especially negative consequences." Jelicic also cites newspaper reports that the Federal Government will draft a "special program" to increase the use of "'special-purpose' (weapons) production capacities." Jelicic implies that the Zastava firm in Kragujevac is a potential candidate, since its civilian sector will probably produce only 20,000 automobiles this year, thus operating at only 10 percent of its capacity.

Jelicic cites other evidence of pressure for state intervention, pointing out that Tomic—longtime director of the Simpo firm in Vranje, a major manufacturer and distributor of furniture and other household products, and a member of the board of governors of the National Bank of Yugoslavia—has been best known for organizing regular weekly roundtables on state television that bring together representatives of various economic sectors to uncover ways to revive production "through mutual aid, but also with government aid." In one such discussion, Jelicic adds, an enterprise director said "with complete candor" that he was looking forward to the completion of the state budgets because "this would make possible more money and more work for his company." In short, Jelicic observes, the picture is very reminiscent of the early post-World War II era when Edvard Kardelj was in charge of economic policy or, "more precisely, of all times when, under various names, an economy without a sound currency was created."

Role of Coordinating Teams

In his 9 May article, titled "The CKT as the CK [Central Committee]," Jelicic focuses on the proposed organizational structure of the recovery program—drafted in the office of Dragan Tomic—and warns that under this plan, the Serbian economy will find itself under an administration reminiscent of the state administrative-operational leaderships (AOR) of the central- planning, command-economy era of the late 1940's and early 1950's. The only differences, he says, would be in the name—at that time the AOR's and today the SKT's (special coordinating teams)—and in the fact that the SKT's, unlike the AOR's, are not subordinated to a ministry, but to the CKT, the "organizational center" for implementing the recovery program.

Describing the structure of the Operational Program, Jelicic presents an organizational diagram "drawn up by Dragan Tomic" which shows that the CKT is responsible directly to the Serbian Government and that SKT's for "branches of production" are subordinate to the CKT. The diagram explains everything, Jelicic states, warning that "one should not examine it superficially or interpret it lightly." The "center of centers," he says, is Dragan Tomic, the Serbian minister "responsible for coordinating the implementation of the Avramovic economic stabilization plan." Next in the hierarchy, within the CKT, are the "magnificent seven," identified by the plan as "the most competent specialists," who are ready to provide the prerequisites for the successful implementation of the recovery program. Other economic players in the republic—regional and local governments, commercial banks, unions, scientific institutes, and production enterprises (companies)—are also subordinate to the CKT, either directly or through the SKT's. Jelicic observes that enterprises are found at the bottom of the organizational diagram, several layers removed from the CKT, and that "judging by the diagram," the Serbian Government went as far as possible to "humiliate enterprises and businessmen."

The "main task" of the CKT, Jelicic writes, is to form specialized teams in production, trade, and the banking system and to establish a specialized bank or consortium of banks that will provide "indispensable financial support to carry out concrete plans of the economic recovery program." The basic task of the SKT's is to "implement the general policy and directives of the central team," and, within this framework, to draft and carry out their own operating plans. Another major duty of the SKT's, according to the plan, is to inform the public once a month "via special television programs and other means of information about the results of the recovery of production in various economic sectors on the basis of benchmarks for the successful implementation of the program (volume of production, number of enterprises

rehabilitated, number of productive new employees, and so forth), as well as about planned measures and activities."

Subordinate to the SKT's are management teams, Jelicic says, noting that "their task is easier" because they do not have to report to the public, but only to those to whom they are subordinate, and "managers have been promised that they will be given special awards for their work in the form of various types of incentives." A footnote in the organizational diagram states that members of the management teams are drawn from specialists from "successful enterprises, chambers, institutes, faculties, and elsewhere." The management teams oversee "enterprises that are being given direct assistance to improve production."

Avramovic Defends Organizational Plan

According to statements made in an interview aired 11 May on the Belgrade RTB Television Network, Dragoslav Avramovic apparently does not share Jelicic's apprehension about the fate of the currency nicknamed for him. Asked to comment on Tomic's plan to form coordinating groups for the recovery of the economy, Avramovic replied: "Well, this is an extraordinary initiative. We have been thinking about it, but not in terms of such concentrated and extensive efforts as he has undertaken. We expect all the best from it, as the key to our future recovery lies in the reconstruction of our production systems and big companies. There could not have been a better initiative than the creation of these coordinating groups, which will take care of the revival of production, further investments, and the resolution of all problems that some of our companies face."

ΩOfficials See Recovery Despite Sanctions

94P20839A

[Editorial Report] Positive economic trends have given rise to optimism in government and business circles in the Federal Republic of Yugoslavia [FRY]. The Belgrade press agency TANJUG reported on 17 May that industrial output has been "steadily" increasing since the beginning of the year, the market is "reasonably" well supplied, the national currency, the dinar, is "completely" stable, foreign currency reserves have grown, and budget deficits are decreasing.

Dragoslav Avramovic, governor of the National Bank of Yugoslavia and the architect of the economic recovery program, stated in an interview published in the 17 May issue of the Ljubljana weekly MLADINA that his program enjoys "wide" public support. He boasted that Yugoslavia had even accumulated a trade surplus in spite of the sanctions and that the "international financial police" has so far been unable to prevent it from doing so. "In the Balkans, smugglers have really mastered their trade," he told MLADINA, explaining that Serbian wine can be bought in the United States, Switzerland, and Germany. A shoe factory in Kraljevo, he said, is working "full steam" for the Italian market, and "planeloads" of money are being sent from Belgrade. Avramovic invited the reporter to the Belgrade railroad station to see 20-car trains loaded with furniture departing every day. After all, he concluded, "UNPROFOR [UN Protection Forces] itself is a huge smuggling operation," pointing out that each soldier in the newly arrived Russian contingent "will leave Yugoslavia with a good car."

Avramovic is convinced that sanctions against Yugoslavia "must fail," although he conceded that the country is paying a heavy price to circumvent them: It is paying 30 to 40 percent above world market prices for its imports while its exports sell for 30 to 40 percent below market prices. He is also concerned by shortages of petroleum and drugs. On the other hand, Avramovic said he is comforted by the fact that "the country can feed itself well," a "capable" light-industry sector, and a strong armaments industry.

Similarly, the 16 May issue of the Belgrade daily BORBA cited Serbian President Slobodan Milosevic as telling U.S. journalists that "sanctions cannot do us any harm even if they last another thousand years." The same issue of BORBA carried a report on the opening of an agricultural fair in Novi Sad at which Federal Prime Minister Radoje Kontic recognized food producers and farmers "who not only managed to survive under the blockade but continued to work and share a major burden in the implementation of the stabilization program." After touring the agricultural fair, Milosevic also praised the accomplishments of Serbian farmers and declared Serbia an "agricultural and agroindustrial power," TANJUG reported on 20 May.

In a statement to Radio Moscow reported by the 18 May BORBA, Serbian Prime Minister Mirko Marjanovic said that "although sanctions have had a serious economic and social impact, they have neither politically destabilized the country nor made us sway from our principled policy." Addressing the participants of the International Conference of Journalists in Belgrade, Marjanovic recounted the effects of sanctions on the economy, estimating the damage at $30-40 billion. Nevertheless, he stressed the positive results of the economic recovery program, according to the 24 May TANJUG report.

A monthly opinion poll conducted by the Belgrade-based Market Research Institute showed growing optimism among Yugoslav businessmen, TANJUG reported on 25 May. According to the poll, 63 percent of businessmen expect industrial growth to continue during the next six months. In a similar poll conducted a year earlier, TANJUG states, 60 percent of those surveyed expected a sharp fall in production. Sixty-four percent of respondents in the recent poll expect the business climate to improve over the next six months, compared to 31 percent of respondents to a poll taken in January. However, the TANJUG report notes, "experts" warn that an increase in industrial production might create problems, since low wages have weakened consumers' purchasing power to the point that "the population is struggling at the subsistence level" at the same time that UN sanctions are preventing exports.

Serbia

Experts Note 'Dramatic' Demographic Deterioration

LD0206131094 Belgrade TANJUG in English 1242 GMT 2 Jun 94

[Text] Belgrade, June 2 (TANJUG)—The Serbian Academy of Arts and Sciences (SANU) warned Thursday of a dramatic deterioration in the demographic structure of the Yugoslav republic of Serbia which has a population of ten million.

Population experts say this is the result of a continuing drop in the birth rate and economic and social difficulties caused by the violent break-up of the former Yugoslav federation and the current international blockade of the new Yugoslav state which comprises the republics of Serbia and Montenegro.

The situation is especially dramatic in central Serbia and in the northern province of Vojvodina, which both have a negative birth rate. In the southern province Kosovo, on the other hand, the majority ethnic Albanian population has had a very high population growth for years.

The decrease in the birth rate of the Serb population in the breakaway Yugoslav republics of Bosnia-Herzegovina and Croatia, whose Croat and Moslem population does not encounter these difficulties, further aggravates the problem.

In Serbia, the major drop in the birth rate has been followed by what demographic experts describe as depopulation. This is a situation in which many young people leave the country, in which there are major migrations, resettlement of populations because of war and exposure to psychological and social stress.

All these factors have long-term negative effects on the biological reproduction of the population, population growth and the future of the Serb people, as well as on the psychological and genetic health of the new generations.

Experts say the roots of the problem are the unfavourable financial situation which does not allow families to have more children, unawareness of the dramatic proportions of the situation, social and economic measures which discriminate against families with children, and a low level of family planning activities where abortion seems to be the most popular birth control method.

The tendency of the dropping population growth in Serbia has been noted since the end of the Second World War. Negative population growth has been registered in 105 of 189 municipalities in Serbia, according to data from 1991.

Municipalities with the highest population growth are always the ones with a majority ethnic Albanian or Moslem population. Not a single municipality in Kosovo has registered a negative population growth and even municipalities with a majority Serbian population have registered a population growth in this area. Population experts predict that by the year 2,050 almost a third of the total population of central Serbia and Vojvodina will be lost in relation to 1991. Serbia will have a population of 4.1 and Vojvodina of 1.4 million. Montenegro's population will be 600,00, a 10 per cent drop.

At the same time the population in Kosovo will reach 3.64 million, population say. [sentence as received]

Montenegro

Party Supports Italian Claim for Dalmatia

AU0306101594 Belgrade BORBA in Serbo-Croatian 2 Jun 94 p 5

[B.I.M. report: "Revision of Osimo Agreement"]

[Excerpt] Podgorica—At yesterday's news conference Dr. Novak Kilibarda, president of the Peoples' Party of Montenegro, upheld the demands of individual political parties in Italy for the revision of the Osimo Agreement. Kilibarda said that "one needs to compensate the Italian citizens who used to live in Dalmatia and had their possessions there" especially "because they did not work on the side of the occupier but were loyal to the Yugoslav authorities."

The president of the most numerous Montenegrin opposition party emphasized that the sympathizers and members of his party "will not defend Dalmatia from the Italians," and that they would rather see "the Italians living in Split and Dubrovnik than the Croats." [passage omitted]

Republic Demands Fair Distribution of Oil

AU0206141294 Split NEDJELJNA DALMACIJA in Serbo-Croatian 25 May 94 p 11

[Article by Luko Brailo: "Montenegro Without 'Black Gold'"]

[Text] Regarding the power industry, Montenegro has demanded that the joint state function on the federal principle—that is, that Yugoslav oil and petroleum products be divided between both republics according to their needs and not just given to one republic. Yugoslav oil practically belongs to just Serbia, as it is produced only in Serbia—Vojvodina—so all products have previously ended up exclusively in Serbia. As the production in Serbia (in addition to stealing Croatian oil from Djeletovci) is considered Yugoslav in the federal balance of energy supply and consumption, the Montenegrins hold that this Yugoslav production must be divided as such.

"Montenegro did not get a single drop of oil or any other energy product from the federal balance of energy supply and consumption, so the Government of Montenegro has reiterated the demand for solving the problem, which was presented to the Federal Executive Council a long time ago," said Montenegrin Prime Minister Milo Djukanovic. Miodrag Gomilanovic, Montenegrin minister of power industry, says that the situation regarding oil and petroleum products threatens to block the economy and lives since all reserves on all levels have

been exhausted. He added: "We demand joint criteria for the distribution of oil—that is, a priority list. The so-called first priority group should have the same criteria for consumers in Serbia and Montenegro."

Petrol Stations Instead of Pillboxes

It is obvious that the federal Yugoslav balance of energy supply and consumption exists only on paper and is applied solely to priority consumers in Serbia following the old saying: "Near is my shirt but nearer is my skin." In other words, all petroleum products in "the FRY [Federal Republic of Yugoslavia]" are produced by the "Serbian Oil Industry of Nis" and it is all distributed to priority consumers, except for some symbolic amounts for free sale, by the republic (Serbian) emergency committee. The so-called federal committee is only informed about the amount that is to be divided by the Serbian republic committee. Montenegro, therefore, requested (demanded) the right to buy a certain percentage of total production on the basis of former consumption ratio.

And while "the shirt and the skin" are not being treated as equal, Kotor "Jugopetrol" published the information according to which three metric tons of gasoline and eight tons of diesel are being delivered to the Montenegrin market daily, so that the present monthly balance of Montenegro amounts to approximately 100 tons of gasoline and 250 tons of diesel. However, priority consumers need about 300 tons of gasoline and 1,800 tons of diesel.

The amount needed is acquired on the black market under the auspices of the state. For example, it is an open secret that, at the Bozaj border crossing toward Albania, Montenegrin customs officers charge one dinar per liter of gasoline to truck drivers whose trucks have additional, so-called expanded fuel tanks. Indeed, it is only done a couple of days each month, while "expanded fuel tanks" are usually tolerated the rest of the month. Otherwise, oil and gasoline are most often transported illegally by water, especially across Lake Skadar, which forms most of the borderline between Montenegro and Albania. Oil fever has spread to villages on both sides of the lake. In "the land of eagles," gas stations are being built along the borders, replacing the string of pillboxes. Researching those oil roads, correspondents of the Montenegrin independent weekly MONITOR found out that about 200 boats cross the imaginary borderline between Montenegro and Albania every day. The boats are used for smuggling everything from cigarettes to satellite dishes, but mostly for oil and gasoline. The profitability of the entire operation is substantiated by the following data: The Albanians are paid 0.7 German marks [DM] per liter of oil, which is later sold for DM1.2—the equivalent amount in Avramovic's dinars. Consequently, the profit is about half a German mark per liter, but since the state takes 70 percent of that, black-marketeers are left with about DM30 (dinars) per barrel. (It has become customary in these transactions to use standard "Skadar barrels," which contain 210 liters each.) In this case, a recently founded firm "Transport" of Podgorica presents a kind of authority, according to MONITOR, as it issues permits for black-marketing on behalf of the Government of Montenegro. Just as every other official document, that permit has serial number, name, surname, and photograph of the person to which it is issued. Black-marketeers point out that, on the arrival to the Montenegrin side of the lake, they can only deliver oil to certain authorized persons, otherwise the permit "is gone." The permit means so much, among other reasons, because its holders enjoy the protection of both the police and the army.

The busiest spot on the Montenegrin side of Lake Skadar is at the "Plavnica" motel. The former favorite weekend resort of Podgorica inhabitants, which, in the past couple of years, has been more frequently closed than open, has taken on a new life thanks to oil. The motel was leased for DM1,200 per month. The lessee rigged up a wharf and every cistern's approach to the so-called loading pad is charged DM200. Motel "Plavnica" also has an entertainment program featuring Russian strippers. As many as 10 cisterns with Serb and Bosnian license plates are filled up here every day. Some of them belong to a Belgrade firm "Pizon," whose owner is famous former soccer player for "Zvezda" [Belgrade soccer team] Vladimir Petrovic Pizon. Oil is being smuggled on the Bojana River, which connects Lake Skadar with the sea, as well as in Ulcinj, by means of a specially designed raft cistern that is towed by boat along the sea border between Montenegro and Albania.

Plastic Tube at the Bottom of the Bojana

However, the oil warehouse at Plavnica has recently burned down. Some five acres of land was burned then, two cisterns, several hundred tons of oil, a dozen cars, and two tractors were destroyed. Fortunately, there were no casualties. Soon after that, the Albanian police, in collaboration with the World Organization of Customs Officers, discovered a plastic tube at the bottom of the Bojana River that was used to carry oil from Albania to Montenegro. The Ulcinj connection was also "unearthed." All those events, just as the recent confiscation of a tanker transporting oil for Montenegro, which was redirected to Brindisi by NATO and Western European Union forces, indicate that the "Skadar connection" is slowly running dry. Among others, the Albanian police have also been instructed by the international community and organizations that supervise the embargo imposed on "the FRY" to cover the entire area of Skadar and prevent further black-marketing of oil. It is an open secret that Montenegrin and Albanian black-marketeers have easily found a common ground in the business, and we must point out that every black-marketeer caught on the Albanian side had to pay a fine of DM10.

Those relations were soon strained as a result of the mentioned haggling over the federal balance of energy supply and consumption between Serbia and Montenegro, and there is no doubt that Montenegro will be getting the worst of it for a while. And so, the Belgrade economic circles will again start working on "dividing Yugoslav petroleum products from Serbia," but according to the already known principle. In other words, Montenegro should offer a certain amount of money to be used for research and production "of the very Yugoslav oil in Vojvodina." The thesis says that at least one part of the Montenegrin tourist pie will have to

end up in the oil fields of Vojvodina, for it is senseless to demand federal rights without accepting federal obligations. Alleged equal status of Montenegro in the joint federal state is, therefore, still an ideal and the cry of Milo Djukanovic, one of the architects of "Zabljak Yugoslavia," [the meeting in Zabljak was held to confirm the preservation of Yugoslavia] does indeed seem grotesque. Oil problems are just the tip of the iceberg of the "joint" economy. The Serbian idea of a joint market is described by the case of importing 50,000 tons of salt for the needs of Serbia. Meanwhile, there are more than 35,000 of tons of salt at the Ulcinj salt-works, so the amount of unsold salt threatens to have serious repercussions on the harvest this year.... In a nutshell, Montenegro is suffocating more and more every day.

Kosovo

Importance of Kosovo in Balkan Peace Effort

94P20804A Skopje FLAKA E VELLAZERIMIT in Albanian 13 May 94 pp 12-13

[Interview with Iljaz Ramajli, chairman of the assembly of the republic of Kosova, by E. Azemi; place and date not given]

[Text] [Azemi] The old structure of the assembly of Kosova is in exile. In the meantime, there have been multiparty elections for the assembly and president of the republic of Kosova. The new assembly has not been formed yet. How do you explain this situation?

[Ramajli] As you said, multiparty elections in the republic of Kosova were held on 24 May 1992. In those elections, in which there was a massive turnout of citizens of the republic of Kosova, the president of the republic of Kosova and the deputies of the new multiparty parliament were voted for and elected. On the basis of constitutional provisions, the president of the republic of Kosova took office, in a legitimate manner, five days after the elections, while the formation of the new parliament was supposed to take place on 24 June of the same year. For well-known reasons, the formation of the parliament did not take place on that date and it has not taken place yet.

During this time many preparations have been made for the formation of the new parliament but conditions and circumstances have not been created for doing this or for radically changing the situation in Kosova, that is, so that it will not lead to open conflict in Kosova. On the basis of information available to me, many of our friends from abroad have suggested that the holding of the constitutive assembly for the parliament should be postponed so that the situation in Kosova can be kept under control and so that conditions can be created for starting the discussions.

In my opinion, it is not good that we have not formed a new parliament. However, we should have no doubt that we have assured the continuity of action of the organs of power in the republic of Kosova through the institution of the president of the republic, who is legitimately carrying out his function on the basis of constitutional provisions, through the activity of the government and other organs of authority in Kosova which are operating in many fields, wherever present conditions and circumstances permit. From the formal constitutional and legal viewpoint, this structure of the assembly, which I head, covers the time up to the formation of the new assembly. However, the new composition of deputies of the parliament of Kosova has exclusive legitimacy to meet on and to decide any issue which is in the sphere of the assembly's activity.

I understand the concern of many people that the failure to form a parliament might cause us some damage! I believe that the many comments that various individuals have made in regard to this matter are well-intentioned; however, during their political appearances, each person must be careful about what they say, since any doubts about the legitimacy and legality of the multiparty elections in Kosova, even if these criticisms are unintentional, could pave the way for manipulations which our adversary could use to attack the legitimacy of the representatives whom the people of Kosova elected, with the aim of diminishing their position in any future discussions on the resolution of the issue of Kosova and its status.

[Azemi] It is almost four years since the proclamation of the Constitution of Kacanik. This high-level legal act had a profound influence on the political processes in Kosova since, on the basis of this, a parallel system of education, health, and social insurance was set up. It is possible that this system will be extended ever further and that we will develop other forms of institutional activity.

[Ramajli] After the proclamation of the republic of Kosova and the promulgation of the Constitution of Kacanik on September 1990, the state organs of the republic of Kosova were restructured and their activity was adapted to constitutional provisions. The organization of these organs, from the government of the republic down to the communal organs, was adapted to the conditions and circumstances which exist in Kosova. The field of education has been better organized, with broader dimensions. In addition to carrying out its basic function, education has been one of the most prominent forms of resistance to the Serbian occupational authorities, and it is also highly regarded by the outside world. In addition, the fields of health, finance, culture, sports, social, assistance, and other areas have been organized to a certain extent.

I think that the results achieved in these areas are not satisfactory and that we have not done all that we could in all spheres of life in Kosova, in light of the fact that the citizens of Kosova and the organs of the republic of Kosova live and operate in conditions of total occupation and in the presence of the application of unprecedented police and military violence by the Serbian authorities. I think that this work should be continued in those areas which we have not organized well so far. We must take action in the judiciary so that a judicial system, as conditions and circumstances allow, will be

put in place. In my opinion, a vital, priority issues is the preservation and expansion of institutional activity in Kosova so that we can show that we are able to organize life in Kosova, despite the situation of occupation which we have there. On the other hand, I am deeply convinced that will win more respect from the outside world if we develop forms of institutional activity.

[Azemi] Sensitivities are being raised in regard to the internationalization of the issue of Kosova. This matter has also been discussed in some important documents. On the other hand, the situation in Kosova remains the same. Has the fact that they are talking about Kosova in the world made any impression on the Serbian aggressor?

[Ramajli] It is true that the issue of Kosova, expecially recently, is discussed at every meeting of the international community and, one might say, it is present in every public appearance of every statesman. This is understandable in light of the fact that it is clear to all that, without the resolution of the issue of Kosova, there is no solution to the problem of the former Yugoslavia and there is no peace in the Balkans. The international community is currently concerned with the Kosova issue for the purpose of making it impossible for the conflict to spread from the territory of Croatia and Bosnia to the south. It is clear to all now that the conflict in Kosova cannot be kept under control within a certain territory, as is the case with the conflict in Bosnia and Croatia. This conflict would immediately involve many other states bordering on Kosova and the conflict would be expanded in the Balkans and perhaps even further. Since the European Union and the international community are not interested is seeing the conflict expand, these groups have recently been bringing up the Kosova issue as a problem which demands an immediate solution so that it will not get any worse.

Much pressure is being exerted on Serbia to begin to resolve the Kosova issue by means of discussions with the Albanians, and it appears that this pressure has begun to produce its first effects. This is evident in the fact that there are signs which indicate that the current Serbian government wants to begin the talks, under conditions and at a time when they will receive the best response. The activity of the government organs in Kosova, which rely exclusively on military police violence, gives the impression, as you say, that the international pressure in regard to Kosova is not making any impression on Serbia. In my opinion, this is not true; this attitude and the nervousness of this government give the impression that Serbia is not in a strong position in regard to Kosova and it believes that it will not be easy to keep Kosova under occupation for a long time.

There are other indications that the Serbs are calculating that they might be losing Kosova in the near future. This is seen, best of all, in the schemes that are being devised in regard to Serbian Krajina in Croatia and the insistence that there is a parallel between that area and Kosova. Now we also have the public appearances of many Serbian intellectuals, which were not characteristic earlier, who now are talking, without hesitation, about Kosova as a lost territory for Serbia and about the fact that it is better that this be understood now instead of becoming true by means of a conflict which certainly would be more fierce and more bloody than the one in Croatia and Bosnia.

[Azemi] Recently there has been talk about some kind of global plan for the solution of the problem of the former Yugoslavia. Some people quickly called this plan very hopeful while others expressed some skepticism about the resolution of the issue of Kosova.

[Ramajli] Yes, it is true that there is talk about some kind of global plan for the solution of the problem of the former Yugoslavia. But I think that, despite the many preparations which are being made by the international community for such a plan, conditions have not yet been created for this plan to be put on the table for discussion. In my opinion, a precondition for beginning discussions of this plan would be the achievement of a cease-fire in Bosnia which would end the armed conflicts. If this is not achieved, it would be difficult to have discussions on this plan. I think that the position of Kosova regarding this plan has its good and bad aspects. It would be a positive development if Kosova were included in this plan by taking our position into consideration; Kosova, according to the 1974 Constitution, has been a constituent part of the former Yugoslavia. In my opinion, a negative element would be the fact that there is no doubt that this plan would try to draw a parallel between Kosova and the Serbian Krajina in Croatia, something which, basically, is not suitable for us. The drawing of this parallel must be opposed to the very end.

In any case, although we have opted for the solution of the problem of Kosova by means of discussions in the presence of an international factor, which would guarantee the agreements reached with the other side, the inclusion of Kosova in the global plan for the solution of the problem of the former Yugoslavia would satisfy, to some extent, our requirements in regard to the size of the presence of the international factor and the solution of the problem of Kosova; it would also rule out the possibility that the Albanians would meet only with the Serbs, which would mean that the issue of Kosova would not be internationalized and would be regarded as an internal problem of Serbia.

[Azemi] There is much talk in the media about a possible Albanian-Serbian dialogue. Some diplomats who visited Kosova recently talked about this possibility. On the other hand, president Rugova denied that a group had been formed to discuss the issues. Indeed, when would this dialogue be possible and under what conditions?

[Ramajli] In response to an earlier question, I stressed that there are signals that the Serbs would like to begin discussions with the Albanians about the solution of the problem of Kosova. They are doing this because of pressure from the international community and because

of the situation which currently exists within Serbia. These signals, as you have said, have been given recently through various diplomatic channels and on the occasion of visits of foreign diplomats to Kosova. The clearest signal was given on the occasion of the visit of British Secretary Hogg to Prishtina. Other signals were given through the media from Belgrade.

I consider the talk about the formation of a group for discussions in Serbia with the Albanians, which president Rugova denied, as preparing the terrain for discussions and preparing opinion within Serbia for something which must happen soon. As president Rugova said, there has been no official announcement from the Serbian government about the beginning of the discussions or the formation of groups by one or the other side. The Albanian side has already proclaimed the conditions in which the discussions will begin and they have been the same and unchangeable from the very beginning. I think that the Serbian side is not yet prepared for this dialogue and that the dialogue will begin when the Serbian side believes that the conditions and the time are most appropriate for this. However, it appears that the dialogue on Kosova will more likely be imposed by international factors and by the situation in the region than by Serbia's readiness for talks.

[Azemi] After the democratization of Albania, a new quality of relations among Albanians found expression. The appearance of Albania in the democratic plane is redefining the attitude of international factors toward Kosova.

[Ramajli] I agree with your statement. After the democratization of life in Albania, especially after the victory of the democratic forces in the recent elections, there was a qualitative difference in the involvement of Albania in the problem of Kosova and of Albanians on the territory of the former Yugoslavia. Despite Albania's many domestic and foreign problems, the country has been greatly involved in sensitizing efforts to place the issue of Kosova on the international agenda as a problem which demands a rapid solution, so that it will not get any worse. Along with the involvement of the republic of Kosova, Albanian diplomacy could be said to be the motivating force in sensitizing the international community and raising the issue of Kosova in all international mechanisms.

The clear position of the president of the Government of Albania that Albania cannot stand aside in case of a conflict in Kosova obliged the international community to consider the issue of Kosova as a serious problem which requires an urgent solution. In my opinion, Albania is doing exactly what it can do, in accordance with its possibilities, so that the problem of Kosova will be resolved in accordance with the interests of the Albanians of Kosova. At this time and in the circumstances in the international community and in the territories of the former Yugoslavia, the support which Albania is giving to Kosova is irreplaceable.

[Azemi] Kosova is bounded by neighbors which once were members of the Yugoslav Federation. One of them is Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. Can you characterize the Macedonia-Kosova relationship in the current circumstances?

[Ramajli] Currently, Macedonia, as an independent and sovereign state which was part of the former Yugoslavia, despite its international acceptance, is confronted by domestic problems of the transitional phase and by foreign problems which determine its position in regard to Kosova. The situation in Kosova and the course of events in regard to Kosova could involve Macedonia and other states in this part of the Balkans, no matter how they might develop. In my opinion, Macedonia's problem with Greece and the failure to accept Macedonia as an independent and sovereign state by the so-called third Yugoslavia are forcing Macedonia to maintain a neutral official attitude on the issue of Kosova. The recent interview by Macedonian President Gligorov with a foreign newspaper, in which he stressed the need for the installation of peacekeeping forces in Kosova so as to eliminate the possibility of an outbreak of a conflict in the south, satisfies the demands of the representatives of Kosova for such a thing.

[Azemi] In your opinion, what is the future of Kosova? Concretely, can you state briefly the goals of the organs of government in Kosova and other institutions?

[Ramajli] The goals of the organs of Kosova, beginning with President Rugova, the assembly, the government, and other organs, are stated in the documents which this assembly approved and which have been put into force by the referendum which was held in Kosova in which the citizens of Kosova defined the status of Kosova as a sovereign and independent state. Therefore, during the present time and in the future, all representatives of Kosova and of its organs will be committed to the realization of this goal. There has been no wavering from this goal on the part of any political party in Kosova or any individual who has a relevant influence on public opinion in Kosova. I am aware that the road to the achievement of this goal is difficult and long but the results will depend on the manner of organization and our commitment, first of all, and on the support of the international factor. For the achievement of this goal, we have chosen the peaceful option and the solution of problems by means of discussions which must be carried on, on our part, by the legitimate representatives of the citizens of the republic of Kosova who were identified by the multiparty elections of 24 May 1992.

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